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THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

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INDUSTRY MAKES A DEFINITE DRIVE ON PRODUCTION COSTS

Lower Wage Schedules Announced in a Number of Lines

CREDIT SITUATION

Business Must Solve Many Problems in the Future—Now Entering on Period of Readjustment

Developments of the present week but serve to indicate that the business world has at last definitely set about the task of removing some of the obstacles that have been delaying the return of normal activity. For the first time since the present period of depression has set in a concerted movement has been undertaken for the reduction of production costs by instituting new and lower scales of wages in many lines of operation. At the beginning of the present month many wage contracts expired, and this fact presented an opportunity to employers in the trades affected to introduce wage reductions of varying degrees. As was to be expected, however, labor does not regard these cuts with favor and has entered vigorous protest.

High production costs have been one of the most important factors in bolstering material and commodity prices, and as labor contributes a large proportion of these costs a permanent reduction in consumers' prices must be accompanied by a readjustment of this factor. The opposition to lower wages has been particularly conspicuous in the building trades, and numerous cases of strikes are reported. It is scarcely likely that the opposition of the workman will obtain for him any lasting benefit. A lowering of building costs will have the tendency of encouraging building and thus provide work for an additional volume of labor.

The credit situation in this country does not hold out any cause for undue optimism. There is a dearth of funds for industrial as well as investment purposes. Banks during the past year have loaned heavily to industry, to farmers and to merchants. When the slump came these various lines of trade found themselves in difficulty and were forced to seek an extension of credit. These funds, which in the ordinary course of events would return regularly to the banks and could be diverted by them into other and productive channels, now remain "frozen," and unproductive. Of course the bank is receiving interest on these outstanding loans, but they are a burden to the business or individual who is forced to carry the credit, and all the time the money is debarred from productive enterprise. Business cannot revive until some stable basis has been established for the price schedule, when the buyer will not be continually haunted with the fear of lower prices in the following day or week or month. Then only will he come into the market freely, and then only will business begin to show some signs of the aggressiveness that is now so conspicuously absent.

Period of Keen Competition

It becomes more and more evident that many problems of extreme complexity and difficulty must be faced during the period of readjustment upon which it may be said that we have only now entered. The problem of inducing labor to accept lower wages with the minimum of discontent and hardship is one. The problem of the unemployed is another. It is evident, too, that business has entered upon a long period of keen competition, and in this connection the competition from European countries will become a factor of more and more importance. While many lines of industry have become fairly well adjusted there is evidence that additional and radical steps are under consideration in many instances. A large firm engaged in the manufacture of farm implements usually closes for a week or so each summer for the purpose of checking up inventories. This year it is reported

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GOES TO NEW YORK

Another Canadian Banker With Big U. S. Institution

J. A. Woods, who for a number of years has been Western superintendent of the Bank of Toronto and manager of the office in Winnipeg, has decided to sever his connection with the institution to join the National City Bank of New York.

Mr. Woods will go from Winnipeg direct to Cuba, where he will take part in the work of restoration now being conducted, following the recent financial collapse. He will be succeeded by F. H. Marsh, of the Sterling Bank, Toronto.

SHAUGHNESSY IN REPLY TO POINTS PREMIER RAISED

C.P.R. Chief Deals With Several Criticisms of Mr. Meighen

From Our Own Correspondent.

MONTREAL.—Several points of criticism of Lord Shaughnessy's memorandum to Premier Meighen on the railway situation were touched on in an interview that THE FINANCIAL POST had with the chairman of the Canadian Pacific Railway Company this week. The objection first raised was to a permanent arrangement rather than a temporary one as tending possibly to produce deterioration in what is recognized now as a remarkably efficient organization; a leveling down, rather than a leveling up; the approach to a government standard of operation, rather than that of a private company.

The reply to this was that an arrangement of merging the two systems for a short time was physically impossible. If that were in view all extensions, development of traffic, routing of merchandise, the whole principle of operation of the combined systems, would have to keep in mind the breaking apart of the two roads in the near future; one might be favored; impartiality would be almost impossible; no group operating the combined systems could get the best results with the separation of the two before them all the time. There would be no real co-ordination.

As to the deterioration of the C.P.R. organization as it exists at present, Lord Shaughnessy expressed the hope that the esprit de corps of the company, of which he was the head for many years, would be infused into the whole system; that the Canadian National system would be "hitched on" to the C.P.R. in this respect, rather than the C.P.R. become a government organization as such.

As to the reason for leaving the Grand Trunk out altogether, Lord Shaughnessy explained that this could well be considered a "separate entity" and would provide the element of competition with the other system that was advisable. He was impressed also with the advantage to that road itself, if it was not a government line, on account of the large volume of international traffic that existed for it and would exist as a private road.

NEW FINANCING FOR RIORDON COMPANY

From Our Own Correspondent.

MONTREAL.—A further slump this week in the position, both of Riordon common and preferred and the new Riordon preferred and common reflected the general feeling of anxiety in regard to the company's position, and it is not going too far to say that any idea of dividends, either on the preferred or common, being continued has been abandoned. This view seems to be concurred in in circles closely connected with the company as well as by the Street. It is expected that a statement outlining the situation will be sent out to the shareholders in a few days, and at the same time an announcement be made of plans that are under consideration in connection with new financing that is necessary. It is understood that the new appointees to the board, F. P. Jones, George McKee, F. N. Southam and Fred Bronson are taking part in the consideration of the company's real position.

DRAYTON HEARS PROPOSALS RE TURNOVER TAX

W. H. Lamont Presents Views of Business Men To Ottawa.

SWEEPING CHANGES

Suggests That Losses On the C. N. R. Be Met by Bond Issues and Not by Taxation

That Sir Henry Drayton has been anxious to give consideration to the views of business men on the question of Federal taxation is borne out by the fact that W. H. Lamont, of W. S. Howland & Sons, was called to Ottawa on Tuesday of this week to discuss the matter with the Minister. Mr. Lamont has taken a keen interest in the proposed turnover or sales tax and was a member of the Toronto Board of Trade Tax Committee. It is understood that the general principles of tax revision and operation which he advocated are that:

1. The Business Profits Tax shall not be re-enacted.
2. The Income Tax on corporations and on individuals shall be rescinded. If it is considered impracticable or impossible to cancel the personal income tax, then the super-tax and surtax on such personal incomes should be cancelled.
3. The present Sales Tax shall be abolished.
4. A General Sales Tax of 1% on all sales of all merchandise shall be applied. This tax shall be paid by the seller in all classes of trade and industry, from original raw material sources, down through the manufacturing processes and the systems of wholesale distribution and by all retail stores.
5. The losses in operating the Canadian National Railway and Government Marine, should be chargeable to capital account and not be a burden on revenue from taxes.

Yield From Sales Tax

Mr. Lamont has prepared figures, based on the industrial production of the country in 1918, to show that a total of $185,000,000 is the probable revenue from a one per cent. sales tax. Inasmuch, however, as no official figures are obtainable showing the total turnover of Canadian business—that is, the number of times goods are "sold" before they reach the ultimate consumer—the computation, while having the virtue of being one of the few businesslike attempts to provide information, is considered to be much below the probable yield. The calculation is based on the theory that the whole business of the country is "turned over" three times per year. This is felt to be very conservative and that the average is much more, particularly in the manufacturing industries, consequently other estimates have the probable yield at more than double the other figure.

The point is quite important as by the elimination of the above mentioned taxes it will be necessary to raise larger sums of money than most advocates of the Sales Tax have considered. For example, the revenue received in the year ending March, 1921, from the taxes it is proposed to abolish was as follows:

Sales Tax (including Mfgr. Tax) approximately	$ 68,000,000
Business Profits Tax	37,601,000
Income Tax	38,814,000
	$144,415,000

Large Sales Tax Requirements

Deducting, therefore, this $144,000,000 from the actual revenue received in 1920, a balance of $306,000,000 is left, which, when applied against the estimated expenditure for 1921—under Consolidated Fund Account—of $546,826,000, indicates te sum of $240,000,000 as the probable amount that will be required from a Sales Tax.

This need cause no alarm; the Sales Tax admits of easy expansion or reduction. If a one per cent. tax is found to be insufficient, the amount can be raised to two per cent., under which figure, as a minimum, we are now operating effectively and satisfactorily.

Capitalize Railway Loss

In his suggestions to Sir Henry, Mr. Lamont intimated that the loss on operating the Canadian National Railways and Government Marine should be treated as capital account expense and should not be figured against tax revenue. In other words, the cost of building the railways, equipping them and operating them through the inevitable unproductive years, should be met by bond issues and thus caiptalized, as would be done by any large business enterprise. If this is done, and the railway loss is thus removed from consolidated fund account to capital account, the above $240,000,000 extra revenue required will be reduced to a point that will be more than met by a one per cent. Sales Tax.

SWAT THE FLY!

Philadelphia Public Ledger.

—But the job wants to be carefully done.

A Department of Power

TO judge from significant statements made in the Ontario Legislature just prior to adjournment, it is evident that Premier Drury still has doubts of the ability of the government to cope with the Hydro political machine or to effectively control, through the Hydro Commission, an organization which is becoming larger than all other provincial activities combined. As head of the government Mr. Drury referred to the growing complexity of the Hydro enterprise and hinted very broadly at a complete reorganization which will simplify the whole situation. In this connection he threw out a suggestion that the province should manufacture power and deliver it to the municipalities to distribute. In this connection an important factor would be the Chippawa development which has been financed not only by the credit but the actual funds of the province and not of the municipalities.

Other speakers from the government benches were more direct than Premier Drury and openly advocated a department of power—that the Hydro be made a department of the government under a cabinet minister. This would make the Hydro an out-and-out provincial enterprise and the representatives of the people responsible to the people as a whole for its conduct. This it is argued would simplify the question of extending power services to rural communities. The water powers of the province belong to the people as a whole it is contended by those who advocate rural power service and that, as these powers have been developed for the benefit of the urban communities, there should be some basis of rentals to facilitate wider distribution.

The question of more equitable power rates for the benefit of the rural communities is one requiring careful study. On the one hand an increase in industrial rates which would handicap industry would not be in the interests of the province as a whole. On the other there is certainly much to be said for any development which will aid the agricultural communities and the people of the rural sections have a fair claim in that they should have a share in the benefits of provincial resources. The practical way under the existing circumstances would be to charge Hydro for the use of the water powers used and turn this money into the provincial treasury.

The other speakers included J. R. Cooke, Conservative member for Hastings, who was outspoken for a department of power and Thomas Marshall, Liberal, of Lincoln, who declared that he had been refused information regarding Hydro matters. The Farmers' Magazine declares that in view of this situation "it is high time that we wake up before the camel which has its nose in the tent worms its whole body inside."

The Premier's Problems

Such has been the influence which Sir Adam Beck has acquired through the powerful organization of Hydro municipalities, such as has been the domination which he in the past has displayed over the government at Queen's Park, such has been the extent to which the provincial credit has been pledged to back his enterprises and such have been the plans for the future which he has outlined that the point has frequently been raised as to whether he and the Hydro Commission or the prime minister and the government actually "ran the province!" For years the representatives of the people were given only such information as suited the Power Dictator to give out, legislation was rushed through whenever he demanded it, the books of the Hydro Commission were taken from the hands of the provincial auditor and the whole Hydro enterprise conducted as a one-man organization and yet regarded as embodying all the fine principles of public ownership.

Since the election of Premier Drury there has been a change. The new prime minister at once proceeded to secure his own reports on the situation regarding Hydro affairs. He was brought face to face with a serious situation at Chippawa but decided that nothing could be done at that time but go ahead and try to make the best of a situation bequeathed to him and his government. At the same time he took steps to control further expenditures and had the Sutherland Commission appointed to inquire into the proposal to invest many further millions in Hydro radials. It is safe to assume that the truth about Chippawa will be known before the radial scheme is seriously considered, no matter what the Sutherland Commission may report.

RELATIVE VALUE B. E. STEEL STOCK CAUSES GOSSIP

A Great Deal of Uncertainty Is Making Itself Evident

THE STOCK MARKETS

Fail to Make Material Gains During Week—Sentiment Continues Depressed—Papers Firmer

From Our Own Correspondent.

MONTREAL.—The relative value of the shares of the British Empire Steel Corporation and those of the individual companies by themselves has become a live question in financial circles here. Investment houses are beginning to take a definite stand on one side or the other, although the only one to favor the merger argument so far as is known is the firm of L. G. Beaubien & Co. Their summary of the situation is that "in our opinion we see nothing that militates against the proposed exchange of shares, but on the contrary there are many indications that the new deal will prove advantageous to the present shareholders, not only as to the increased yield on their investment, but also from the point of view of the material interest of the several constituent companies themselves."

It is urged that the merging of the companies under one head and management will strengthen considerably both the financial and physical conditions of the whole industry; should place the entire organization in a much better position to compete for business in the open market by bringing about substantial reductions in running, manufacturing and administrative costs and charges.

On the other hand there is a disposition among investment houses and brokers generally to regard the relative values of the new securities as quite uncertain; there has ben a definite, albeit fluctuating, value to the old. One of the strongest arguments, for instance, used as to the "uncertain quantity" involved in the 7 per cent. first preference shares (B), which will be the equity coming to preferred shareholders in the various companies, is that while a total of $19,950,000 is provided for of this class of security, there remains an undefined volume of 8 per cent. first preference shares (A)

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CROP REPORTS

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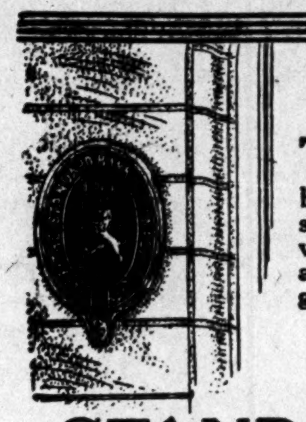

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OTTAWA TO HAVE INSTITUTE FOR RESEARCH WORK

Bill Before Commons a Definite Step By Government

BUSINESS MEN FAVOR

Labor Shows Depe Interest—Scheme Modelled to a Certain Extent After British and American Projects

From Our Own Correspondent.

OTTAWA.—The government has introduced a bill dealing with the establishment of a National Research Institute and the enlargement of the Research Council which has been dealing with the whole subject of scientific and industrial research.

When the first start was made on the subject of research in Canada before the war a scheme was adopted whereby there was established an honorary advisory council, made up of representatives of scientific institutions, business, and commercial interests, and consisting of eleven members. The only paid official was the administrative chairman, Dr. Macallum, who resigned recently. This council, being drawn from all parts of Canada, met somewhat infrequently. There was also a sub-committee of the cabinet, composed of the Minister of Trade and Commerce and three of his colleagues, acting as a sort of link between the Council and the Government.

THE FINANCIAL POST has already on different occasions given particulars of the work carried on by this organization. By means of studentships, bursaries, and fellowships it has interested and kept in research work after graduation students who during their progress through the universities have shown a particular aptitude for such work. Co-operating with the Department of Mines, it has assisted in the investigations made into the peat industry in Ontario. Its chief achievement has been, in co-operation with the governments of Saskatchewan and Manitoba, the investigations of methods and the establishment of a plant for the manufacturing of briquettes from the lignites of Saskatchewan, the product of which will be on the market in a few months.

A Research Institute

Under the present bill the government proposes to take a definite step which has been urged on it for the past two or three years—the establishing of a National Research Institute at Ottawa. It is understood that there has been some division of opinion within the council with regard to the proper place for locating this institute. There has been opposition to locating it at Ottawa at all; but between the conflicting claims of Toronto and Montreal, there is not much doubt that it will be located at the capital. The object of the institute will be to establish standards for weighing, measuring, and otherwise judging materials used in industry and commerce, and to extend the knowledge and use of these standards. It will conduct researches itself, and will equip a laboratory which will be thrown open to associations and guilds in Canadian industries which may wish to provide and finance their own researchers. In the words of one of the members in the House, Mr. Jacques Bureau, the idea is to get all the by-products possible from Canadian industries.

Some changes will be made in the administrative machinery also. The sub-committee of council, which was found unsatisfactory, has been abolished, and the advisory council will be put under the direct charge of the Minister of Trade and Commerce. Its number will be increased to fifteen. The bill says nothing of the changes which are understood to be likely in the administrative personnel of the council. At present Dr. Ruttan, of McGill University is acting gratuitously as administrative chairman; but it is understood that this position will be abolished in its present form, and the salary of $10,000 be distributed among the officials of the council in another way. Considerable difficulty is being experienced in securing a suitable man as chief administrative officer. Several names are being canvassed, but the council, realizing how much depends on a wise choice, is going carefully.

Business Men in Favor

Apparently much interest in the research proposal is being taken by the business interests of the country. Mr. Hume Cronyn, M.P., who has been chairman of the House committee dealing with this subject, and who by his ability and personality has had a very great deal to do with the success which has thus far attended it, mentioned instances in the House going to show that the practical minded and successful business men of Canada were strongly in favor of the idea covered by the bill. Labor also was deeply interested in seeing a departure from the rule-of-thumb methods which have so often prevailed in industrial establishments and enterprises.

The Canadian scheme is apparently modelled to a considerable extent on portions of the English and American systems which seem best adapted to our conditions. Many of the great British industries have formed guilds for research in their own lines of work and are having funds placed at their disposal by the British Government. The large industries in the United States in many instances have their own research laboratories; there is a bureau of standards at Washington; and there is the great Mellon Institute at Pittsburg, which will be, to a considerable extent, the model for the National Research Institute which it is proposed to establish at Ottawa.—T. M. F.

MARITIME VIEW OF SHAUGHNESSY PLAN

New Brunswick Papers Agree That Proposal Merits Closest Attention

From Our Own Correspondent.

ST. JOHN.—New Brunswick papers agree that Lord Shaughnessy's proposition merits the closest attention, and express the hope that it will lead to a discussion which will throw needed light on the national railway problem. The Fredericton Gleaner thinks that if the C.P.R. can be persuaded to accept the responsibility of managing the National Railways some relief from the present burden may be anticipated. The St. John Telegraph thinks that the idea of giving the C.P.R. a guarantee as to dividends is a weak point of the scheme, since it would largely destroy the incentive to efficiency and economy in management. The Moncton Transcript declares that any proposition from a great railway authority like Lord Shaughnessy deserves the fullest consideration, but fails to find in the proposal that boldness of conception and audacity of enterprise associated with the men who have made the C.P.R. It suggests that the C.P.R. would not be taking any risk and would not be giving any guarantee that the burdens would be relieved. Further, the Transcript claims that years ago the old I.C.R. was being operated at a lower cost per train mile than the C.P.R.

DEPRESSION IN THE RUBBER MARKET

Chief Hope for Better Conditions Lies in Direction of Increasing Uses.

Over-production and world-wide business depression have combined to produce a stagnancy in the rubber market from which the principal hope of permanent relief is in the discovery of new uses for rubber, according to the National Bank of Commerce in New York. Possibilities appear to exist in the industry which would not only absorb surplus stocks, but would restore it to a sound basis for the future.

"Over-production has reduced the price of rubber to less than twenty cents a pound, which is less than a third of the price prevailing from 1913 to 1918 and compares with three dollars a pound, which was reached in 1910. With the constant increase of the supplies made available by the East Indian plantations the price has declined steadily, witn minor fluctuations, until now it is below the cost of production on most if not all the estates where it is grown. Curtailed output may remedy the situation of the growers temporarily, but the chief hope for permanent relief lies in the fact that rubber is a comparatively new commodity for which new uses are constantly being developed.

"Although the low prices for rubber now prevailing are partially due to the world-wide business depression and also are influenced by the lack of buying power on the part of Germany and Russia, both large consumers before the war, the slump is primarily due to over production. To remedy this situation a voluntary scheme of curtailment of output by 25 per cent. has been undertaken by a considerable group of plantation operators. Growers in Malaya have gone even further by requesting the local authorities for legislation to restrict production by 50 per cent.

"Another measure of relief is the offer of £5,000 in prizes by the Rubber Growers' Association for ideas and suggestions for extending the present uses or for encouraging new uses of rubber. Aside from the special impetus which may be given the application of rubber to new uses by this prize contest, the extension of the uses of rubber is bound to progress as long as it remains relatively cheap. Already it is coming into use as a road paving and in the form of hard rubber wood it is being increasingly substituted for ordinary wood with satisfactory results. The time when common articles of furniture will be made from rubber may not be far distant. At any rate it should be borne in mind that rubber manufacture is a comparatively young industry which has wonderful possibilities."

LOWER FREIGHTS AFFECT PACIFIC LUMBER INDUSTRY

Larger Shipments to Eastern Canada Will Be the Result

COMPETITION WITH U.S.

British Columbia Mills Now in a Better Position to Compete With Yellow Pine of the South

From Our Own Correspondent.

VICTORIA.—Although the reduction in rates on eastbound lumber shipments has restored new confidence in the British Columbia industry and has given operators cause to expect a considerably improved market in Eastern Canada and the middle west, it will probably be several weeks before the new schedule has noticeable effect on the trade. It will take the lumber business some time to become properly readjusted to the new conditions.

Effective April 21, freight rates on lumber and shingles shipped on Canadian railways from Vancouver to Toronto were reduced to the extent of about $4.30 a thousand feet. The principal motive in ordering the reduced rates was to give British Columbia lumbermen an opportunity to offer successful competition against the yellow pine interests of the Southern States, which have been shipping in lumber to Toronto and other eastern markets and underselling British Columbia lumber.

American Imports

Under the old freight rates in February, 1920, approximately $800,000 worth of lumber was imported into Eastern Canada from the United States. When the increased rate came into effect there was an immediate rise, and in February of this year American lumber imports were valued at about $2,250,000. Accompanying this large expenditure in the United States was congestion of empty cars on Canadian railway sidings and payment of freight charges to American roads that otherwise would have gone into the treasuries of the Canadian National and C. P. R.

Although there is no indication of substantial betterment in the lumber situation on the coast, there appears to be a gradual movement in the right direction. Export trade has been fairly brisk, and the lower rail rates are certain to have a beneficial influence on Eastern shipments.

Labor Troubles

The only worry before the industry at present is rumor of a strike among loggers, who were recently called upon to accept a reduction in wages amounting to about forty per cent. Although there has been no definite threat of a strike, it is known that there is widespread discontent among the forest workers. That the operators will stand firm is practically certain. Labor has been the principal factor in the cost of lumber all along and the decision to reduce loggers' wages was not reached without due consideration. Rather than return to anything like the old wage schedule, which was obviously one of the causes that militated against the industry a few months ago, the logging concerns and mills will probably agree to shut down again until the trouble is over. Most mills, however, have a large surplus of logs, so that a strike of loggers would not have any direct effect on lumber production for some time.

WEST WANTS INDUSTRIES

Winnipeg Needs Capital to Aid Made-in-Canada Move

Whatever the Western farmers may think of protection for industry, the fact remains that there is a strong movement in Winnipeg for the encouragement of new capital for industrial enterprises. J. M. Davidson, who is active in the Made-in-Winnipeg movement, says:

"Nothing will contribute more to the prevention of seasonable unemployment in Manitoba than the establishment and support of industries which give constant work the whole year through. But before such plants are established the investor must know that his investment is safe and that his rights will be protected. More factories would be built here if conditions were made better for the factory owner and greater support lent toward the purchase of locally manufactured goods," he said.

"The Province of Quebec has recognized the advantages that accrue to the province by the building up of its industrial life, and in the inducements offered to the investment of capital for the development of natural resources. As a result Quebec has gone farther than any other province of the Dominion and is now the greatest producer in boots and shoes, clothing, cotton fabrics, steel bridges, railway rolling stock, tobacco, cigars and refined sugar."

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MONTREAL

American Newspaper Publishers' Association adopts resolution upholding 48-hour week for mechanical departments of newspapers. Members warned drop in newsprint prices should not lead to cut in advertising rates, because paper market may become unsettled later in year.

NINE COUNTRIES FOLLOW CANADA IN TRADE TREATIES

Get Same Advantages As Canada But Give Nothing

TRADE WITH FRANCE

Some Interesting Figures To Show Growth of Exports in Recent Years as Between 1914 and 1920

From Our Own Correspondent.

OTTAWA.—Notwithstanding the disparaging remarks sometimes made regarding the Senate—though now less frequently heard than formerly—many of the debates in that body are frequently characterized by a much wider degree of information than is the case in the Commons. During the second reading on the French treaty in the upper house Senator Beaubien gave much new information on the subject.

One feature of our trade treaties which Senator Beaubien pointed out was that there are now no less than nine countries which, as he put it, "follow us wherever we go in making treaties." "They stand at the door," said Senator Beaubien, "and whenever Canada goes in to negotiate one advantage against another advantage, these nine countries reap the same benefit as Canada does in making her treaty. . . . And if perchance the question is asked, 'Will you please state what these nine nations have given to Canada for such sweeping advantages?' you have to answer, 'None at all.'"

Senator Beaubien explained that under the new treaty Canada retains nearly all that the French treaty formerly gave her. On the fourteen items on which Canada gets only the minimum tariff we exported before the war less than $2,000 worth.

United States Competition

An interesting point which Senator Beaubien brought out was the relative position of Canadian and American exports to France. There were in the American treaty fifty-seven items not comprised in the Canadian treaty, on which we were consequently handicapped. For example, on agricultural implements we got the minimum tariff from France provided they were not driven by motor, as a great many such implements are now being driven; whereas the Americans enjoyed the minimum for all agricultural implements. On such items we could not compete with the United States on the French market. When these fifty-seven items were discovered by a comparison of the old Canadian treaty with the American treaty, all the items on which Canada could not compete in any event—such as spices and other foreign products—were out, leaving thirty-six items of some consequence to us. On these it was arranged that we should enjoy practically the same advantages as the United States, and our exporters will be in the same position as those of the United States on the French market.

The principal advantage France enjoys is due to the position of exchange, which operates as a very heavy protection. Senator Beaubien also pointed out that the French government attached a great deal of importance to the promise made in the treaty that negotiations will begin immediately for a new commercial convention. Her export trade was much greater than her import before the war, and is rapidly assuming the old position, so that she will soon be in the field to expand her commerce, and she is desirous of a permanent arrangement with Canada. The sentimental reason is also weighty with France. According to Senator Beaubien, gratitude to Canada for the part taken in the war is a powerful influence in her desire for permanent trade relations with us.

Growth of Exports

During the same debate another important contribution was made by Senator Dandurand in which some very interesting figures were given regarding the classes of goods which we have been exporting to France, and in which we may reasonably hope to build up a permanent trade. These statistics showed the relative trade for 1914 and 1920. In the former year we exported apples and preserved fruits to the amount of only $5,000 and in 1920 this had grown to $1,000,000. Flour increased from practically nothing to 527,678 barrels. Sugar, which does not appear at all in 1914, amounted to $6,264,835 in 1920. This is an item which we are not likely to hold after the French beet growers get fully to work. In 1914 we sold $213,543 worth of canned salmon and in 1920 nearly $2,000,000 Boots and shoe exports rose from nil to $1,500,000. Cheese rose from nil to $836,711; and condensed milk to nearly $300,000. Other increases were: Wood products from $64,455 to $1,146,172; agricultural implements from $1,421,903 to $4,603,924; copper products, nil to $801,342; while asbestos, soap, glassware and other products showed large increases. In all there are 385 classes of French goods sold in Canada and 174 classes of Canadian goods sold in France.—T.M.F.

OTTO H. KAHN FOR SALES TAX

Says Present System More Than Anything Else Delays Economic Recovery

Speaking before the Traffic Club of Pittsburgh on "Pressing Problems and Some Suggestions," Otto H. Kahn said in part:

"There is one element which more than any other single cause stands in the way of our economic recovery. That is the improvident, disingenuous and mischievous system of taxation adopted in 1917. It has prevented the accumulation of new capital, and it has violently interfered with the normal flow of existing capital.

"The underlying trouble with our whole scheme of taxation is that it is based upon and actuated by, not plain business-like considerations of revenue-raising, but social experimentation plus class and sectional animosity. The theory was to take it out of the rich and take it out of the East. The crudity of that theory was covered by the formula 'taxation according to ability to pay'. That is a formula to which every fair-minded and right-thinking man will give his adherence in principle, but it must be applied within the limitations of the rule of reason. It was, as a matter of fact, applied with vindictive unreason.

"I know of no measure which will better and more certainly bring that relief than a sales tax in some form.

"So much has been written and said on the subject of the sales tax, that I will confine myself to the following few observations on the subject:

"I am satised that a sales tax cannot be pyramided to any appreciable extent, if at all.

"I am satisfied that it is workable without difficulty or inequity and that the various practical objections brought forward by its opponents, can all be met.

"I am satisfied that a 1% sales tax imposed on all stages from original producer to final consumer would not aggregate an average of more than 3½% to the ultimate purchaser. (According to the investigation of the Department of Justice, the average increase in ultimate costs due to our existing Federal taxes, is not less than 23%.)

"I am satisfied that a sales tax is approved and demanded by the rank and file of business throughout the country."

CANADIAN DEMAND FOR GERMAN GOODS

Manufacturers and Workers Should Realize Keen Nature of European Competition

Indications of the rapid growth of imports from Germany and the demand in Canada for products of German manufacture are supplied by the firm of A. R. MacMullen Co., Toronto, who are brokers for such goods, and who maintain an office in Hamburg. The German official trade reports indicate that there are many cargoes of goods en route and that Canadian importers and German exporters are taking advantage of the delay in enforcing the customs regulations of the reparations committee to get large shipments moved. Glass goods and aluminum utensils are noted, also earthenware, and small goods such as hooks and eyes and needles and pins.

Most of these shipments, it is understood, are coming through American ports. This is due to the activities of the American Purchasing Commission in Berlin. For the most part the products are of a non-competitive nature, though the advantage of cheap German labor and the low value of the mark are natural spurs to such trade.

The following translation of a clipping from a Berlin paper indicates the German impression of the Canadian demand:—

"Acording to a cable the Canadian Bureau of International Trade, Canada is 'hungry' for German manufactures. Metal goods, toys and harmonicas, and glassware are in particular demand. Canadian firms seem to have the intention of making use of purchasing agents in Germany to secure the goods demanded by their trade. Many Canadian firms are trying to secure agency arrangements with important German firms particularly the lines of goods in which German manufacturers have been dominant in the past. A number of new lines actually offered on the German market are being accepted."

OIL PRODUCTION RECORD

Production of crude oil in the United States in March established a new monthly record at 40,802,000 barrels. Previous record was 39,924,000 barrels in October, 1920. California produced 10,482,000 barrels, Texas 9,672,000 and Oklahoma 9,602,000, these three states accounting largely for the increase.

TARIFF ON FRUIT IMPORTS SAID TO BE CONTEMPLATED

And Preference Would Be Allowed British Colonies

CARGOES FOR SHIPS

It is Estimated That Fruit Importing Could be Made Important Business for Merchant Marine

From Our Own Correspondent.

OTTAWA.—Canadian Government ships recently arrived from the West Indies and British Honduras state that grapefruit, oranges and bananas are being allowed to go to rot there rather than accept the low prices being offered by United States firms. While the prices offered are not stated, it would be interesting to know just what they are, and how they compare with the retail prices now being paid in Canada.

It would appear that there is an opening for some agency, governmental or private, to promote a direct trade in fruit between the two countries, and incidentally provide valuable freight for Canadian ships. Of the above named classes of fruits Canada last year imported as follows: Bananas, $5,060,254, all from the United States; grapefruit, $662,759, of which all but $38,000 was from the United States; oranges, $5,721,606, of which about $143,000 was from Mexico and Japan, $7,500 from the West Indies, and all the remainder from the United States. Here is a total importation of over $11,000,000 worth of three varieties of fruits, a large part of which is carried to the United States from the West Indies and British Honduras and then imported into Canada from across the line. All this West India produce might come direct to Canada on Canadian ships.

Tariff on Fruit

The new trade arrangement with the West Indies gives a preference of 50 cents a hundred pounds on grapefruit. At the present time there is no duty on any of the three articles mentioned; but the new tariff when brought down will, it is understood, provide for a countervailing duty on grapefruit to make this preference operative. It is worthy of consideration whether a similar duty might not be imposed on oranges and bananas also, although there is no suggestion of a preference on those fruits in the terms of the West Indies agreement.

Before the present agreement was entered into, fears were expressed in the West Indies and British Honduras that a preferential arrangement with Canada might lead to a boycott by the United Fruit Company, the big American concern which handles practically all the West Indian fruit, and a loss of market unless the fruit could be marketed to Canada direct. Possibly the lack of buying in the West Indies and British Honduras is a reflection of the attitude which was feared.

If this is the case the Canadian Government might possibly impose a duty and extend a preference for the protection of the industries affected, not only on grapefruit but on all the fruits mentioned. If our Government fleet could provide transportation of West Indian and British Honduras fruit to Canada direct, and an organization could be effected here to handle and distribute it, there is no reason why Canadian consumers should not get their fruit, even with the duty added, as cheaply as they do now via the United States. This would provide a very large traffic for the Government boats.—T.M.F.

MADE-IN-WINNIPEG

Special Campaign to Increase Consumption of Home Products

Arrangements are progressing for the made-in-Winnipeg exposition, which will be open from May 9 to 14. During that week there will be window displays of Winnipeg products. The principal items produced in 1920 were: Flour and grist mill products, $14,487,398; slaughtering and meat packing, $6,236,236; butter and cheese, $2,905,638; cotton bags, $2,750,623; electric light and power, $2,353,911; lumber products $1,818,567; bread, biscuits and confectionery, $1,816,671; printing and publishing, $1,785,001; liquors and malt, $1,663,905; coffees and spices, $1,704,424; foundry and machine-shop products, $1,493,567; men's furnishing goods, $1,147,456.

Estate of Harley T. Procter, of Procter-Gamble Soap Co., valued at $3,515,478 net. Securities holding, totaling $3,229,699, included $2,586,678 in common stock of soap company.

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Reserve Fund $15,000,000

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Union Bank of Canada
DIVIDEND No. 137

Notice is hereby given that a dividend at the rate of 10 per cent. per annum upon the Paid-up Capital Stock of the Union Bank of Canada has been declared for the current quarter, and that the same will be payable at its Banking House, in the City of Winnipeg, and also at its branches, on and after Wednesday, the first day of June, 1921, to shareholders of record at the close of business on the 16th day of May next.

The Transfer Books will be closed from the 17th to the 31st day of May, both days inclusive.

By order of the Board.

H. B. SHAW,
General Manager.

Winnipeg, April 19, 1921.

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ILLINOIS TRACTION

The March earnings statement of the Illinois Traction Company shows gross amounting to $1,836,857 as compared with $1,710,734 for the same month in 1920, an increase of $126,123. Expenses and taxes amounting to $1,371,297 left net earnings at $465,560, a decrease of $36,394.

TORONTO RAILWAY

The February earnings statement of the Toronto Railway and subsidiary companies, shows gross amounting to $1,228,722, as compared with $1,113,717 for the same month in 1920, an increase of $115,005. Working expenses, maintenance, etc., amounting to $824,912, were higher by $69,918, while net at $403,810 showed an increase of $45,087.

The aggregate gross for the first two months of the year totalled $2,502,973, an increase of $258,770, and the aggregate net amounting to $817,149 was higher by $78,418.

FAIRBANKS-MORSE

The financial report of the Fairbanks-Morse Company of Canada, reflects the decline in the business engaged in by industrials of that class to an even more marked degree than in 1919, that year showing a decline in profits of 52.3 per cent. from the record year preceding, when profits totalled $1,310,397. In 1919 they were $625,149 or 52.3 per cent. down, and last year they were $279,562 or 55.3 per cent. down from 1919. After all deductions the enterprise showed earnings equal to $1.06 per share on the 84,327 shares of no par value common stock, against 27.63 per cent. on 16,000 shares of $100 par value in 1919.

BIG DECREASE IN OUR IMPORTS FOR MONTH OF MARCH

A Falling Off of Nearly Fifty Millions in Month

U. S. TRADE CHIEFLY

Purchases From Southern Neighbor Down Over $30,000,000 in Month—Exports of About $10,000,000

From Our Own Correspondent.

OTTAWA.—The trade returns for the month of March show a very pronounced decline in both imports and exports. The total trade for the month was $160,659,257, as compared with $235,642,178 in 1920 and $171,839,560 in 1919. Imports for the month were $92,566,829, a decrease of nearly $50,000,000 from March of last year. Exports were $68,092,428, being $25,040,431 less than last year and $31,889,933 less than March, 1919. For the twelve months ending March this year the total trade was $2,429,288,757, as compared with $2,304,020,221 last year and $2,136,155,511 in 1919. The exports were $50,328,397 less than last year and $27,280,105 less than 1919. The imports were $175,596,933 greater than last year and $320,413,331 in excess of 1919.

Imports from the United Kingdom during the month decreased over $9,000,000 and from the United States nearly $31,000,000. In fact there was a decrease in imports from almost every country with the exception of British Guiana and Belgium, from which there were trifling increases. The decrease in imports from Cuba was over $2,000,000.

In exports there were decreases in the month to the United Kingdom of $10,000,000 and to the United States of nearly the same amount. To Belgium and Greece the decreases were nearly $3,000,000. The chief increase in exports was to Italy, over $4,000,000. There was an increase to Australia of over $1,000,000 and to New Zealand and the Argentine of smaller amounts.

In classes of imports there were decreases in forty-five items and increases in eight. The heaviest decreases were in cotton, $9,500,000; silk, over $3,000,000; iron and steel, nearly $6,000,000; breadstuffs, $3,000,000; furs, $2,750,000; rubber, $2,000,000; sugar and molasses, nearly $2,000,000; vehicles, over $2,000,000; wool, over $7,300,000; hides and skins, $2,500,000; flax, hemp and jute, $1,500,000; wood, over $1,000,000; chemicals, over $1,000,000. The chief increase was in bituminous coal, $2,250,000.

In classes of exports there were decreases in thirty-five and increases in only four. The increases were in wheat flour, over $5,000,000; printing paper, over $3,000,000; and small increases in asbestos and wheat. The chief decrease in exports was in iron and steel, $2,500,000; textiles, $2,300,000; wood, unmanufactured, nearly $4,000,000; wood pulp, $2,000,000; vegetables, nearly $2,000,000; leather, nearly $2,000,000; while butter, fish, furs, meats, copper, nickel, vehicles, all ran well over $1,000,000.

THE TURNOVER TAX IDEA IS APPROVED

The Toronto Board of Trade Finally Agrees to Recommendation to Ottawa

The postponed meeting of the Toronto Board of Trade called to consider the question of Federal taxation has finally approved the resolution as prepared by the committee. The vital portion of the resolution which will be forwarded to the Finance Minister reads:

"The sales tax as at present administered is not sufficiently broad in its operation. The board, therefore, suggests in lieu thereof the following: A turnover tax on all goods, wares, and merchandise imported into Canada, manufactured in Canada, produced in Canada, or traded in in Canada; or else an extension of the sales tax to cover such goods, wares and merchandise, with such modifications and exceptions in the case of either tax as may be equitable, having regard to the diversified methods of conducting business in Canada."

In many ways this is distinctly satisfactory. It approves of the general principle of a turnover tax and leaves the details to be worked out by the Government, as they properly should be. The inclusion of the word "turnover," however, doubtless infers that in the opinion of the Board of Trade the new tax should be arranged as a definite levy against the gross profits of the seller. Many observers feel that this is wrong and that such a system of application will result in a needlessly increased burden on the consumer, inasmuch as the seller, in order to protect his profit, will beyond doubt add the amount of the tax to his costs—and a margin for safety.

BELL TELEPHONE

Two factors contribute to a favorable estimate of Bell Telephone shares as an investment at the present time, according to Bongard, Ryerson & Co. The first is the recent rate increase granted by the Railway Board and now in effect, the second the prospect of decreasing costs from now on. Last year, the company, after charging up very substantial sums for maintenance and depreciation, showed a deficit of $1,831,971. The recent rate increase is calculated to give the company additional revenue of well over $2,000,000. If, as it is quite reasonable to expect, operating costs begin to decline, the company will be assured of a satisfactory surplus. Telephone service has become such an important factor in everyday life that any diminution in the number of services is scarcely conceivable and consequently revenues are on an established basis.

RAILROAD EARNINGS

For the ten-day period ending April 30, gross earnings of the Canadian Pacific Railway totalled $4,064,000 as compared with $4,710,000 for the corresponding period in 1920, a decrease of $646,000 or 13.7 per cent.

A GOVERNMENT LAND SCHEME ON BOND BASIS

Proposal Will Be Laid Before the Railway Committee

ON 25 YEAR TERMS

Government Would Buy Lands and Then Sell on Favorable Basis With Margin to Guard Against Loss

OTTAWA.—An interesting proposal, involving both the settlement of Western lands and a help towards the solution of the railway problem, is being placed before the railway committee of the House of Commons by Major E. J. Ashton, a member of the Soldiers' Settlement Board. In this memorandum it is pointed out that intimately connected with the question of revenue for the Canadian National lines is that of increased and improved settlement and production throughout the whole country served by those railways.

It is advocated that Dominion lands distant from transportation should be withdrawn from settlement and a survey and classification made of those lands which the Government owns near to transportation facilities. The Government should also arrange to purchase suitable unoccupied and uncultivated lands for sale to incoming settlers on long and favorable terms—say, twenty-five years at 6 per cent. interest—and the proceeds should be used to form a settlement fund, provided the settler is able to pay 25 per cent. of the purchase price.

Pay in Bonds

In order to do this without unduly adding to the financial burdens of the country, payment should be made to the vendors by twenty-five-year Dominion Government bonds at 6 per cent. Purchase should be made by the Government after the closest inspection at the closest cash price, and a small addition of from 5 to 10 per cent. should be made to the cost of the land when sold to settlers, to be placed in a settlement fund, and used to cover losses. It is pointed out that the experience of Australia, after years of operating a land settlement policy on a margin of 10 per cent.—as compared with the 25 per cent. proposed here—and in addition adding 10 per cent. to the cost of the land and using her Crown lands to form a settlement fund, is encouraging. She is slightly ahead on the financial end, after the expenditure of hundreds of millions of dollars and settling thousands of men. For the benefit of the Canadian National it is proposed that this assistance be granted at first for the purchase only of unoccupied and unproducing lands along those railways.

If thirty-year bonds are sold, it might be advisable to sell lands to settlers on twenty-five-year terms, in order to ensure clearing up the transaction before the amount is due. This $1,000,000 would carry 6 per cent. interest, equal to $60,000 yearly. This amortizing of settlers' payments over twenty-five years would need an amount equal to a little over 8 per cent. of the total of his loan to retire principal and interest in that time. In bad seasons it would enable the Government to carry over up to 25 per cent. of the settlers. Or if there were two or three bad years, part of the $250,000 original deposit might be used in this manner.

This would likely be necessary. For example, if a man buys raw land in May, 1921, he cannot expect to get any more than a mere living until the fall of 1922. Then he should only have the interest payment between May and the fall of 1921. Payment for the year from the fall of 1921 to the fall of 1922 might be amortized over the remaining twenty-four years of the loan (supposing it to be on a twenty-five-year basis).

Ore receipts reported by the Consolidated Mining and Smelting Company for the week ending April 21, amounted to 9,977 tons, and for the year to date, 128,073 tons.

INTERNATIONAL TELEPHONE

Old Porto Rico Shareholders in a Better Position

From Our Own Correspondent.

HALIFAX.—The annual meeting of the International Telephone and Telegraph Corporation is called for May 11 at Baltimore, Md. It is the first meeting of this corporation which took over the Porto Rico Telephone Co. Shareholders have been sent a circular asking them to fill in proxies. A notice is to the effect that the corporation will at its own expense, before using the proxy, and on behalf of the signer, affix and cancel the required United States revenue stamp. The transfer books will not be closed, but only stockholders of record of April 22 shall be entitled to vote. The company has paid quarterly dividends at the rate of 6 per cent. The Porto Rico Co.'s rate was 5 per cent.

WINNIPEG ELECTRIC

The Winnipeg Electric Railway Company reports gross earnings for the month of February amounting to $460,125 against $444,873 for the same month in 1920, an increase of $15,252. Working expenses at $336,918 were higher by $8,713, while net amounting to $123,207, showed an increase of $6.539.

550% Increase—

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WINNIPEG ELECTRIC RAILWAY COMPANY has carried 59,000,000 passengers for the first 11 months of 1920.

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Write for our analysis of Winnipeg Electric Railway Company.

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Summary of the Trade of Canada

	1919.	1920.	1921.
	Twelve months ending March.		
IMPORTS FOR CONSUMPTION	$	$	$
Dutiable goods	526,494,658	693,655,165	847,527,580
Free goods	393,217,047	370,872,958	392,597,476
Total imports, mdse	919,711,705	1,064,528,123	1,240,125,056
Duty collected	158,044,456	187,520,613	179,658,474
EXPORTS			
Canadian	1,216,443,806	1,239,492,098	1,189,163,701
Foreign	52,321,479	47,166,611	21,264,418
Total exports, mdse.	1,268,765,285	1,286,658,709	1,210,428,119
IMPORTS BY COUNTRIES.			
United Kingdom	73,035,118	126,362,631	213,910,988
Australia	4,963,446	1,371,775	791,980
British East Indies	15,223,434	16,236,412	14,241,220
British Guiana	6,747,072	7,412,931	9,088,567
British South Africa	1,300,259	735,948	146,798
British West Indies	8,437,825	12,114,790	14,833,746
Hong Kong	2,121,909	3,208,836	3,516,760
Newfoundland	3,098,834	2,146,414	2,886,203
New Zealand	7,855,436	3,494,600	4,219,965
Other British Empire	888,207	1,267,322	2,241,162
Argentine Republic	1,139,267	3,402,554	2,403,938
Belgium	6,270	911,407	4,660,252
Brazil	1,156,332	1,973,768	2,151,066
China	1,954,466	1,205,229	1,888,521
Cuba	3,040,953	17,585,528	30,743,239
France	3,632,900	10,630,865	19,006,902
Greece	33	729,830	817,157
Italy	555,112	999,040	1,745,330
Japan	13,618,122	13,637,287	11,359,003
Netherlands	495,409	2,266,169	4,231,552
United States	750,203,024	801,097,318	856,613,430
Other Foreign Countries	20,238,277	35,737,469	38,627,270
EXPORTS BY COUNTRIES (Canadian Produce Only).			
United Kingdom	540,750,977	489,152,637	312,842,921
Australia	14,019,629	11,415,623	18,114,496
British East Indies	3,831,741	6,762,259	6,388,898
British Guiana	2,646,169	3,109,381	3,594,118
British South Africa	11,992,135	8,649,756	14,648,879
British West Indies	10,200,582	10,869,276	13,030,225
Hong Kong	995,116	1,343,867	2,000,825
Newfoundland	11,325,235	16,175,443	16,695,426
New Zealand	6,227,892	6,987,008	11,873,000
Other British Empire	3,170,313	7,322,753	4,281,814
Argentine Republic	4,603,130	6,126,457	8,172,108
Belgium	950,318	28,463,855	40,252,487
Brazil	4,088,534	2,703,488	2,835,191
China	2,856,933	6,665,805	4,906,570
Cuba	5,035,975	6,329,783	6,573,768
France	96,103,142	61,108,693	27,428,308
Greece	16,902	29,588,984	20,834,577
Italy	13,181,514	16,959,557	57,758,343
Japan	12,245,439	7,732,514	6,414,920
Netherlands	198,985	5,653,218	20,208,418
United States	454,873,170	464,028,183	542,304,456
Other Foreign Countries	17,129,975	42,343,558	48,003,953

DIVIDEND PAYMENTS

Company.	Date.	Rate.	Record
Penmans, com.	May 16	2	May 5
B. C. Fishing	May 21	1½	May 9
Can. Cement, pfd.	May 16	1¾	Apr. 30
East. Theatres, pfd.	May 14	3½	Apr. 30
Montreal L. H.	May 16	1¼	Apr. 30
Kaministiqiua	May 16	2	Apr. 30
Hollinger	May 20	1	May 15
Crow's Nest Coal	June 1	1½	May 14
Royal Bank	June 1	3	May 14
Home Bank	June 1	1¾	May 17
Can. Converters	May 16	1¾	Apr. 30
Cedar Rapids	May 16	¾	Apr. 30
Dom. Bridges	May 16	2	Apr. 30
Lake of Wds, c.	June 1	3	May 21
Do., pref.	June 1	1¾	May 21
Bk. of Hamilton	June 1	3	May 20
Union Bank	June 1	2½	May 16
Bk. of Commerce	June 1	3	May 16
Brompton	May 16	1	Apr. 30
Wayagamack	June 1	1½	May 17
Bk. of Montreal	June 1	3	Apr. 30
Bk. Hochelaga	June 1	2½	May 15

UNLISTED SECURITIES.

	Bid.	Asked.
Alta., Pac. Grain, com.	130	142
Do., pref.	78	84½
Belding Paul, pref.	70	74½
Brand-Henderson	..	60
British Amer. Assur.	7	10½
Can. Mach, pref.	..	51
Can. Oil, pref.	82	..
Can. Westinghouse	102	107
Can. Woollen, pref.	60	70
Cockshutt Plow, 7%, pfd.	54	58½
Crown Life Insurance	..	75
Cuban Can. Sugar, pref.	..	19½
Dom. Power, com.	..	33
Do., pfd.	88	90
Dunlop Tire, pfd.	86	92
Eastern Theatres, com.	11½	14
Goodyear Tire, 7%, pfd.	48	54
Home Bank	98	100½
Imperial Oil	105	110
King Edward Hotel, com.	64	69
Manufacturers' Life	170	200
Murray-Kay, pfd.	59	66
Massey Harris	..	93
National Life	150	..
North Amer. Pulp	3	3¾
North Star Oil	3⅝	3½
Riordon, c (new stock)	2½	4
Do., pref. (new stock)	30	33
Robt. Simpson, pfd.	77	81
South. Can. Power, com.	20	24½
Sterling Bank	108	113
Sterling Coal, com.	23	25
Trust & Guarantee	68	75
Western Assurance	8	11½
Whalen Pulp, pref.	..	37½
Dom. Foundries, com.	35	40
Do., pref.	82¾	85
British Amer. Oil	31½	32
Dominion Fire	45	..
Mattagami Pulp, com.	10	13
Provinciale Bank	122	..
Mercantile Trust	90	..
Loew's Ottawa	4	5

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TORONTO

ENGLISH MONEY IS AGAIN AVAILABLE CANADIAN PACIFIC

Block of Debenture Stock Sold After Seven Years

LOWER FREIGHT RATES

When Wages Are Reduced—No Reference to Shaughnessy Proposal at Annual Meeting

From Our Own Correspondent.

MONTREAL.—The shareholders of the C.P.R. are truly a well-behaved group; perhaps "reserved" or "reticent" might describe them the better to their own liking. At the annual meeting of the company on Wednesday the president in his address passed over Lord Shaughnessy's memorandum in silence; it was not officially before the board. Not a shareholder asked a question about it. Probably this can be regarded most fairly as a marked expression of confidence in the directorate, a sort of "silent" vote.

The address of the president, E. W. Beatty, contained an important announcement that will be received with keen satisfaction in circles much broader than transportation. This was the renewal, after the war period and over two years beyond it, of financing carried out through English funds, the usual source for this road in pre-war days. The statement reads:

Event of Utmost Significance.

Your directors have recently accepted a proposal for the acquisition by London, England, interests of a substantial amount of four per cent. consolidated debenture stock at a price which was very favorable. This is the first application for the acquisition of debenture stock from England since the outbreak of hostilities in 1914, and, in the opinion of your Directors, is an incident of the utmost significance as indicating the resumption of interest in your principal capital security in Great Britain. It may conceivably be the first step towards the re-establishment of a market in England for the ranking securities of the company which cannot but have an important influence on its future financing.

Securities Bearing Over 4 Per Cent.

Another point in connection with the company's financing was taken up at a special meeting following the general one in which approval was given of the issuance of bonds, debentures or other securities collateral to consolidated debenture stock which the company is or may hereafter be empowered to issue and to the same amount, such securities to be payable in such currency and at such times and places and bearing such interest as the directors may think proper.

The reason for this by-law was that under existing conditions the directors are limited to the issuance of consolidated debenture stock "bearing interest at a rate not exceeding four per cent.," a rate that naturally is not particularly attractive under existing conditions, so that other securities may be issued at higher rates of interest in the future.

No Capital Stock Issue Just Now

As some have felt that this power might forecast an issue of ordinary capital stock in the near future it may be stated that in 1914 permission was secured to increase the capital stock of the company from $260,000,000 to $335,000,000, but this cannot be done until sanctioned by a special meeting of the company's shareholders. The new money to be raised from time to time will be used for extensions, and new steamers, and to restore the cash reserves of the company without avoidable delay.

$13,500,000 as Abnormal Expenditure

In his address the president referred to a couple of instances that illustrate the great earning powers of the company under normal conditions. The back pay that accrued before the company began receiving the advantages of the higher freight and passenger rates amounted to some $7,000,000, and the additional amount required to pay exchange on coal and other purchases, to $4,000,000, or with income taxes, to $13,500,000 additional charges against expenses of the year, and yet the company was able to absorb all these and pay its fixed charges and its dividends. Moreover, certain expenditures had to be made in 1920 due to the intensive use of equipment during the war that ordinarily would not have had to be charged against the one year, or not incurred at all.

Unnecessary Burdens of McAdoo

Referring to the wage question Mr. Beatty declared there were "Unnecessary burdens" laid upon the transportation companies. A decline in wages would be followed by a reduction in freight rates. On this subject he spoke as follows:

As you are aware, the parity of conditions which has existed in the United States and Canada resulted in the forced adoption in Canada of what is known as the "McAdoo Award" and amendments and of the award of the United States Labor Board made in August, 1920. Increases in wages may have been justified at that time by the abnormal increase in the cost of living, but they were accompanied by alterations in working conditions of such a character as to impose heavy and, in the view of the companies, unnecessary burdens on the transportation agencies of North America. The combined effect of them has been to greatly increase the cost of the operations of all companies. The conditions which rendered them necessary being rapidly ameliorated, it is apparent that readjustments will be essential. The effort to secure reductions in wages and alterations in working conditions has already been commenced in the United States and is proceeding in a sane, orderly and legal manner. What is accomplished there will undoubtedly reflect on the rates of pay and working conditions in Canada. These increases in wage scales, while not the only element which entered into the increase in freight and passenger rates, were still a very outstanding and potent factor and when the readjustment of wages takes place it is only right that the rate situation should be again reconsidered with a view to revision downward. The rates are high, but I am not one of those who believe that the existing scale of wages and consequent high freights is responsible for the present business depression; the causes of that go much deeper than the mere standard of wages paid to any given class and are world wide. While reduction in wages does carry with it a reduced purchasing power in the individual, such reduced purchasing power is not represented by the difference in the scales of wages because of the general decrease in prices of the commodities to be purchased. Nevertheless, a reduction in both wages and freight rates would have a pronounced and beneficial effect on the general sentiment in the country through the encouragement it would give and the confidence that normal conditions had been more nearly reached.

PRESSED METALS

According to the Port Huron "Times-Herald," the American Bushings subsidiary of Pressed eMtals Co. of Canada has closed a contract with the Ford Motor Company of Detroit for a large order of bushings to be delivered in May and June. Production will begin soon, and will mean an increase in the numer of men employed at the plant.

AMHERST PIANOS DELAYS MEETING

Difficulty Appears To Be in Getting Books in Shape For Report

From Our Own Correspondent.

HALIFAX.—Amherst Pianos, Ltd., has much difficulty in getting off its annual meeting. There was difficulty last year and again there was trouble this year. It seems the auditors cannot get through with their work in time. The date of the annual meeting was fixed for April 12, but before it came off a notice was sent out that nothing would be done as the report would not be ready, the auditors claiming that they would require at least three weeks more time.

An adjournment was accordingly made to May 8. It was for a similar reason that there had to be postponements a year ago. Now a notice is sent out that at the adjourned meeting a motion will be made to hold the annual meeting in future at a date late enough to enable the auditors to complete their work.

This company has paid no dividends on its preferred stock for some years and there is no great likelihood that any returns will be forthcoming in the near future. No dividend was ever paid on the common stock. The president of the company is Senator J. A. Macdonald.

BARCELONA

The Barcelona Traction, Light and Power Company reports gross earnings for the month of March amounting to 2,891,743 pesetas, or an increase of 357,928 pesetas over the figures for March, 1920. Operating expenses amounting to 1,028,835 pesetas were higher by 190,161 pesetas, while net amounting to 1,862,908 pesetas compared with 1,695,141 pesetas for the same month last year and 2,360,155 pesetas in February.

The aggregate gross for the first three months of the year totalled 9,400,122 pesetas, a gain of 2,443,278 pesetas over the corresponding period in 1920, and the aggregate net amounting to 6,303,312, increased by 1,935,134 pesetas. The figures following show the gross, net and net increase for the past nine months:

	Gross (pesetas)	Net (pesetas)	Net inc. (pesetas)
July, 1920	2,532,202	1,570,414	451,773
Aug.	2,715,020	1,716,904	463,834
Sept.	2,910,418	1,945,823	793,844
Oct.	2,795,106	1,831,392	520,795
Nov.	3,163,105	2,116,776	602,151
Dec.	3,147,789	2,042,640	821,104
Jan., 1921	3,154,317	2,080,249	907,234
Feb.	3,354,062	2,360,155	860,133
March	2,891,743	1,862,908	167,767

BRAZILIAN

The March statement of earnings of the Brazilian Traction, Light and Power Company shows gross amounting to 13,102,000 milreis, an increase of 3,202,000 millreis over the same month in 1920. Operating expenses were 6,580,000 milreis, an increase of 1,990,000 milreis, and net amounting to 6,522,000 milreis was higher by 1,212,000 milreis.

For the three months ending with March the aggregate gross was 37,918,- Operating expenses were 6,580,000 milreis, while the aggregate net at 18,418,000 milreis, increased by 3,014,000 milreis. Following are the gross and net earnings for the past nine months:

	Gross. (milreis)	Net. (milreis)	Net inc. (milreis)
1920.			
July	11,745,000	6,118,000	729,000
Aug.	11,837,000	6,152,000	1,267,000
Sept.	12,043,000	6,217,000	1,208,000
Oct.	13,442,000	6,480,000	1,977,000
Nov.	12,199,000	5,824,000	885,000
Dec.	12,600,000	5,683,000	795,000
1921.			
Jan.	12,875,000	6,217,000	1,107,000
Feb.	11,941,000	5,679,000	695,000
Mar.	13,102,000	6,522,000	1,212,000

UNLISTED BONDS

P. Burns, 1st Mort., 6s	93	99
Can. Machinery, 6s	73	82
Collingwood Ship, 6s	90	..
Harris Abattoir, 6s	89	95
Wm. Davies, 6s	94½	99
N. S. Steel, dbs., 6s	75	80
Mex. Nor. Power, 5s	7	10½
John Morrow Screw, 6s	83	90
Ontario Pulp, 6s	85	90
Toronto Power, 1924, 5s	88½	..
King Edward Hotel, 7s	74	80
Dom. Iron & Stl., 5s (1939)	64	70
Amer. Salesbook, 6s	90	..
Abitibi Gen. Mtg., 6s (1940)	..	88
St. Lawrence Sugar, 6s	..	91
Gordon Ironsides, 6s	..	55

CANADIAN SALT CO. SELLS $400,000 BONDS

7% General Mortgage 20-Year Issue For Improvements and Additions

From Our Own Correspondent.

MONTREAL. — Announcement is made of the purchase by Royal Securities Corporation, Ltd., of an issue of $400,000 7 per cent. general mortgage twenty-year bonds of the Canadian Salt Co., Ltd. The new issue is for the purpose of funding in part capital expenditures on plant, made during the past few years, to provide funds for further additions and improvements, and to increase the working capital of the company. The new bonds rank junior to $356,000 of 6 per cent. first (closed) mortgage bonds, due 1934, and rank ahead of $1,200,000 par value common shares.

The Canadian Salt Co. was started originally by some of the large shareholders of the Canadian Pacific Railway Company, and similar interests are represented today on the board in Hon. W. J. Shaughnessy, Sir Thomas Tait, R. B. VanHorne, and. W. F Angus. The company, whose plants are located at Windsor and Sandwich in Ontario, is the largest producer of salt in Canada, and the only producer of a surplus of bleaching powder and caustic soda. The staple nature of the company's business and its prosperity is indicated by the fact that for the past twenty years, since its organization, regular dividends of 8 per cent. have been paid each year on the common stock.

A public issue of the bonds will be made shortly.

An additional listing of $500,000 National Trust Company stock has been made on the Toronto Stock Exchange. This is the new issue of June last, which brought the capital up from $1,500,000 to $2,000,000.

Vital Elements of Success are Present in

MACKENZIE RIVER OIL LIMITED

(No Personal Liability)

THE business man who puts his money into the new oilfields of Northwestern Canada knows that he is not investing in a "sure thing." He realizes that it will take sound business management, conservative financing, expert exploration and drilling, and efficient transportation, to bring success to any company that attempts to exploit the rich oil resources of the Mackenzie River basin.

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—that the company is well organized
—that it is managed by business men
—that the technical operations will be in charge of experts
—that the company will have no difficulty in getting equipment
—that transportation troubles will not impede success
—that all the money raised will go into actual development work

In the Mackenzie River Oil Limited (no personal liability) all these elements are present. The company controls 3,840 acres of well-located land at Fort Norman and 10,000 acres in the Peace River District. Expert geologists and drillers have been engaged, all supplies have been ordered, and actual drilling will commence about July 1. Full arrangements have been made regarding transportation. The board of directors—composed of business men—is the guarantee that the operations will be properly conducted. The officers and directors are:

President, C. MILLAR,
Millar, Ferguson and Hunter, Toronto.
President, Alberta and Arctic Transportation Company, Limited, Toronto.

Vice-President and General Manager, F. E. DAVISON,
Mine Owner, Toronto.
President, Universal Gas and Oil Limited, Toronto.

Treasurer, W. J. SMITH,
President, John B. Smith and Sons, Limited, Toronto.

Director, R. J. FLEMING,
Manager, Toronto Street Railway.

Director, E. W. BACKUS,
President, Fort Frances Pulp and Paper Co., Ltd., Fort Frances, Ont.
President, Keewatin Lumber Co., Ltd., Kenora, Ont.
President, Minnesota & Ontario Paper Co., Ltd., International Falls, Minn.

Bankers, The Dominion Bank, Toronto.
Solicitors, Millar, Ferguson and Hunter, Toronto.
Auditors, Thorne, Mulholland, Howson and McPherson, Toronto.
Transfer Agents, The Royal Trust Company, Toronto.

To finance the purchase of drilling rigs, supplies, cost of expedition and development work the company now offers the first One Hundred Thousand Treasury Shares at

$5.00 a Share
$10.00 Par Value
fully paid and non-assessable and not subject to call.

Mackenzie River Oil Limited (no personal liability) is incorporated under the Ontario Companies Act with an authorized capitalization of $5,000,000, divided into 500,000 shares of $10.00 each par value.

The entire proceeds of the sale of stock are to be used only in development and exploration work.

For complete Prospectus of the Company, write to

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BIG IMPROVEMENT C.P.R.'S EXPENSES OVER LAST YEAR'S

March Operating Costs Declined 87.6% to 83.4%

NET OF $2,450,000

Gain of Nearly $500,000 Over March, 1920—Gross Earnings Show Decline For Month

From Our Own Correspondent.

MONTREAL.—The earnings statement of the Canadian Pacific Railway Co. for the month of March was the most satisfactory from the standpoint of operating expenses for several years past. It is quite true that the anticipated decline in gross earnings, which is likely to continue for some months yet, was shown in March, the total being only $14,705,726 compared with the total of $15,715,936 for March, 1920, but on the other hand the operating expenses dropped from $13,758,171 to $12,254,818. The net result was that while the gross earnings showed a decline of $1,010,209, the decline in expenses was nearly half a million over that, viz., $1,503,353, with the result that there was an increase in net earnings for the month of $493,143 over that of the month of March one year ago. The figures reached of net earnings, viz., $2,450,908, was larger, not only than those of March, 1920, but nearly one million dollars more than those of March, 1919, although on the other hand the total this year fell below that of any other year down to the year 1910.

The result, in brief, means that with the reduction in wages and the greater efficiency in labor due to the changed conditions, this railway is able to place its operation more and more on a high efficiency basis, such as has been difficult for the past four or five years. From the percentage basis it is seen that operating expenses for March, 1921, were 83.4 of gross earnings as against 87.6 per cent. for March, 1920, or a gain of 4.2 per cent. on the positive side. Taking the three months of the new year up to March 31, it is seen that the percentage of expenses to gross earnings is 90.6 per cent. for this year as compared with 92.9 per cent., a gain for the first three months of this year over the first quarter of last year of 2.3 per cent. Under present conditions it seems reasonable to assume that the improvement will become more marked as the present year continues so that while gross earnings will show a considerable falling off for many months to come, that is until the general business of the company begins to pick up, the net earnings may continue to show a considerable increase over those of 1920 and even those of 1919. Including the present month and on until about the middle of next September, the year 1921 has the advantage of increased rates over those of last year, but in September, 1920, the new rates went into effect and the difference is not likely to be as great apart from a very decided increase in gross business.

Below are given figures showing the gross earnings and expenses for the month of March for the past two years and the gross and net earnings back to the year 1910.

Mar.	1921	1920	Change
Gross	.$14,705,726	$15,715,936	—$1,010,209
Exp.	.. 12,254,818	13,758,171	— 1,503,353
Net	...$ 2,450,908	$ 1,957,764	+$ 493,143

March Earnings	Gross	Net
1921	$14,705,726	$2,450,908
1920	15,715,936	1,957,764
1919	12,374,182	1,539,044
1918	12,427,914	2,992,781
1917	11,846,542	3,937,317
1916	10,380,981	3,421,330
1915	7,852,989	2,973,014
1914	9,447,461	3,099,239
1913	11,111,892	3,855,416
1912	10,519,319	3,718,401
1911	8,800,640	3,156.566
1910	7,796,337	2,711,173

In the tables below there appear the earnings for the first quarter of the present year and those of the first quarter of 1920, showing also the change in earnings now in favor of 1921:

3 Mos. to	Mar. 31, '21	Mar. 31, '20	Change
Gross	.$41,940,143	$43,187,609	—$1,247,465
Exp.	.. 38,034,418	39,930,030	— 1,895,611
Net	...$ 3,905,725	$ 3,257,579	+$ 648,148

From a general business standpoint the statement is not so favorable, of course, as the decline of between 6 and 7 per cent. from last year's gross represents a much greater decline in the bulk of the traffic carried, inasmuch as the present rates are so much higher than those of the corresponding period of last year.

NEW PACKING CONCERN

Will Take Over Canadian Packing Company's Plant

From Our Own Correspondent.

LONDON.—A business deal which promises to mean another important addition to London's new industries is well under way. A company in which H. M. Todd, of Windsor, is interested, is seeking a charter and plans to take over the old plant of the Canadian Packing Company, located at London Junction, and carry on a general meat packing business. The company, it is understood, will include Detroit and Windsor capital, and will be capitalized at $100,000.

The plant has been standing idle for several years. It was founded some years ago by the late J. H. Ginge.

LONDON RAILWAY CAN'T INCREASE PAY

The Men Realize This and Do Not Force May Day Labor Issue

From Our Own Correspondent.

LONDON. — The only May Day situation which threatened complications for a time was that between the London Street Railway Co. and its employees. That no trouble resulted is due largely to a recognition by the men of the company's inability to perform impossibilities. The men are pretty well satisfied that if the company had the money they would be granted an increase. The only way the company can get additional revenue is by increasing fares and this it has not been permitted to do. In the meantime the road has been handed back to the management by the Ontario Railway Board. Its agreement with the men terminated May 1 and a new agreement is now being negotiated.

The men are not centering their efforts around increased wages but that they have this in mind is shown by the efforts they are making to secure an agreement which may be terminated at any time by thirty days' notice. Apparently they hope that something will develop which will improve the status of the road and enable it to get on its feet. In the event of this happening they want to be able to renew their demands promptly for higher wages. Citizens generally are getting rather tired of the street railway problem. From their standpoint the immediate requirement is improved service. Many people would gladly agree to increased fares but so far the council is not making any move to grant this.

DIVIDEND IN STOCK BY DETROIT UNITED

Cash Reserves Being Conserved to Meet Obligations of Early Future

From Our Own Correspondent.

MONTREAL. — Some surprise is felt amongst shareholders of Detroit United Railway in a declaration of a quarterly dividend of 2½ per cent. compared with the regular previous quarterly dividend of 2 per cent., but with the difference that the one just announced will be paid in stock where previous dividends have been paid in cash. The announcement worked two ways. In the first place there was a suggestion contained in it that the regular dividend hereafter would be on a 10 per cent. basis instead of 8 per cent., but on the other hand there was disappointment among shareholders in the absence of the cash disbursement. This was reflected in the immediate decline of the stock some points lower, bringing it down about 30 points below the average through last year and nearly 40 points below the high.

The explanation that is heard is that the company was in need of funds, which on a 10 per cent. basis would amount to $1,500,000 a year or $375,000 for the quarter, in order to meet some maturities in the near future, among these $855,000 4½ per cent. bonds of the Detroit and Northwest Railway which matured Monday of this week and $1,400,000 5 per cent. bonds of the Detroit and Flint Railway which mature on August 1. A part of the first issue will be redeemed by the issue of $1,500,000 of Detroit and Highland Railway 7's which, as reported last week, has been sold to the Central Trust of New York. This would leave about $755,000 still to be met, something that could be done practically out of the passing of the common dividend in cash for the present quarter and next one.

Directors of National Bank of South Africa are to recommend a dividend of 8%. Net profits for year ended March 31, 1921, £382,000, including balance of £43,000 brought forward and £50,000 placed in bank premises account.

INSURANCE BRIDGES LIFE'S GAP

A wife who has been used to the comforts and care of a husband feels that she is in a world of desolation when death claims him. If he has been one of the provident ones who has protected her future through life insurance, she knows that his thoughtful care has extended beyond the span of his life.

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But if he has failed to make this provision her feeling of desolation is actually realized. She faces a cold world alone—forced to pick up the burden he has dropped.

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Part III.—*The Aftermath*

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A good deal of attention is also being given to the bonds of German Cities, especially those in the occupied zone, along the Rhine. These may now be bought to yield possible profits up to and over 1000%.

Now is the time to buy. Prices recently reached their lowest levels in history and have been much stronger since, due to a growing appreciation of the advantages of these bonds, and the consequent heavy buying of them coupled with the fundamental strengthening of all exchange rates.

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American Paper & Pulp Association cites figures of National Industrial Conference Board showing average weekly wages of male employees in 32 paper plants rose from $12.73 in 1914 to $26.88 in 1920 as justification for wage cut of from 15% to 20%.

ACTIVITIES ARE BEING EXTENDED IN MINING AREAS

Conditions Are Regarded As Promising in Gold Camps

MANY DEVELOPMENTS

Matter of a Mill for Trethewey Will Soon have to be Considered—Position of Teck-Hughes Never Better

From Our Own Correspondent.

COBALT.—As is the case in Kirkland Lake attention is spreading out and now the area around the premier gold camp is being closely covered by a large number of prospectors. There is a wide area around Porcupine that many look upon as most promising. This is especially true of the part lying north of the present producing area.

In Kirkland Lake all eyes are on the east of the present producing area. Camps are daily extending and it is believed that it will not be long before there will be a continuous line of properties from the railway to Beaverhouse Lake, the home of the Argonaut mine.

The past week saw another producer added to the Kirkland Lake list, when the new mill at the Wright-Hargreaves got under way. It can treat a maximum tonnage of 180 tons a day, and is about three times the size of the mill of its next door neighbor, the Lake Shore.

The main gold bearing zone of the camp passes over this property for a distance of about three-quarters of a mile. Another evidence of the favorable position of the property is that the Tough-Oakes and Lake Shore practically surround it. The controlling interests are Buffalo men.

Teck-Hughes Improves

While the negotiations for the reorganization of the Teck-Hughes are being carried on, there is still a great deal of talk about the proposed merger with the Orr and Kirkland Lake gold going the rounds. Certain it is, the position of the Teck-Hughes, bad and all as it is, has never been better since the mine got along as a producer. Recent development has made a decided improvement and all above the 500 level. Also the exploration work which has been carried on has given a better line on the lay of the ore, and at the same time the costs of the property have been brought down to an exceedingly low level.

The Kirkland Lake gold has been getting some interesting information about its lower level ore bodies from the development work being carried on. It is also important for the camp that it has been found that the extent of the bodies is much greater than on the upper levels.

Other Activities

The Paymaster mine at Porcupine is preparing fuel and doing some diamond drilling. In the meantime the workings are being dewatered. This property was the old Standard and is stated to have an ore body fifty feet wide on the 200 level that compared favorably with that of the Dome, near which it is located. The company is financed by Boston capitalists and the treasury is in good condition.

The Goldale Mining Co., which has the largest holding of claims in Porcupine, having in all fifty-two claims, has a gang of men at work preparing to do some surface work on its property east of Pearl Lake. Later diamond drilling will be carried on and if the results are up to expectations development work will follow. J. Y. Murdock, Toronto, is president of the company and it has been financed in Canada and the United States.

The March report of the Lake Shore, Kirkland Lake, shows that the high tonnage of 1,910, a record, was handled, but the mine also established another record with an average value of $11.35, the lowest on record and less than half the mine's average of about $25.

Work on Trethewey

Good reports are still coming out of Gowganda in regards to the progress being made in the development of the Trethewey. High grade in increased quantities is being taken out. Development on this property has been such that the time is fast approaching when the matter of a mill to treat the ore must be considered. There are those who believed that further development work might provide funds for the financing of a mill, while on the other hand there are those who believe that there may be a financial reorganization. Some shipments of high grade are being sent out of the property quite regularly while a large quantity of milling ore containing excellent values is being steadily added to.

The Howery Creek gold area to the southwest of Sudbury is being pushed ahead. A third property has been opened up and sinking is about to start. It is in charge of H. Atella, the man who staked the famous Croesus. The Bosquette and Howery Creek mines are both making good progress in development work. Both have excellent plants installed.

STILL WORKING ON LIGNITE PROBLEM

An Additional $280,000 Needed for Building and Further Experimenting

From Our Own Correspondent.

ESTEVAN—Experiments are still being made at the plant operating at Bienfait, Sask., under the Lignite Utilization Board. "The operations have not yet reached the stage of production on a commercial basis," says T. M. Molloy, provincial commissioner of Labor and Industries. "Uncertainty of delivery of material makes it impossible to tell when the plant will be in operation and when that is accomplished it will still remain to determine the commercial possibilities of the various methods with which they have been experimenting."

The experiments are being carried out under the joint direction of the Federal, Manitoba and Saskatchewan Governments. The board has found that it now needs an additional $280,000 to complete the buildings and go on with the experiments and the Saskatchewan Government has agreed to contribute $70,000 of this amount.

TO PATROL FOREST AREAS

Of Western Canada With Aeroplane —To Minimize Danger

Measures are being taken this year by the Dominion Forestry Branch to deal with outbreaks of fire in the forest reserves of Western Canada. Six aeroplanes will be used in Southern Alberta, two main flights being made daily in ordinary weather, one north and the other south. Extra staff and equipment will be in readiness for more frequent flights when there is fire danger. It is thought by this system to greatly minimize danger of fires in the reserves, which yearly serve as grazing grounds for thousands of head of cattle and sheep.

GOLD AT THE "SOO"

Several Syndicates Formed to Take Options on Farms Near City

From Our Own Correspondent.

SAULT STE. MARIE.—Several syndicates have been organized here to take options on farms surrounding the city owing to a reported oil find on the Jennison farm about six miles out. No figures as to flow are yet obtainable. It is said that some geologists hold that the oil strata in this area is a continuation of that of Petrolia.

MANITOBA BRANCH C. M. I.

The Manitoba branch of the Canadian Mining Institute, held its annual meeting in Winnipeg recently. Officers elected for the coming year follow: Pres., Prof. J. S. DeLury; vice-presidents, J. P. Gordon of The Pas, and Dr. E. M. Burwash; secretary, L. O. Thompson. The council elected were: J. W. Harris, Dr. R. C. Wallis, A. M. Stewart, Major J. S. Leach, G. B. Hall, E. W. Jackson, R. Kerr, J. A. Campbell, M.P.

MINING STOCK QUOTATIONS

Week ending May 3.

	High	Low	Close	Sales
Adanac	1⅜	1¼	1⅜	2500
Apex	2¼	..	..	1000
Atlas	10	8½	8½	2000
Bailey	3	..	..	1000
Beaver	37	35	35	7000
Cons. Smelt.	16	15	15	938
Coniagas ..	1.80	1.75	1.80	1142
Crown Res..	13¾	12	12	15700
Dome Ext. .	75	..	..	200
Dome Lake	3¾	..	..	1000
Dome Mines	22.70	22.25	22.70	1838
Gifford	1	..	..	2000
Gold Reef ..	3⅞	3½	3¾	15000
Great North.	1⅞	..	..	1500
Hollinger ..	7.40	7.24	7.26	5300
Hunton	11	9	9	2500
Keora	16	14	14	39500
Kerr Lake	3.35	..	..	800
Kirk. Lake.	55	53	54	7700
La Rose ...	23	..	..	1500
Lake Shore	1.39	1.28	1.28	11300
McKin. Dar.	18	..	..	1000
McIntyre ..	2.07	1.96	2.01	11800
Min. Corp. .	92	90	90	250
Moneta	14½	12	13¾	16000
Newray	7¾	7	7½	7500
Nipissing .	5.75	5.15	5.20	2726
Ophir	2	1½	2	2000
Peter. Lake.	6¼	..	..	5000
Porcu. Crown	29	27	28	14000
Preston E.D.	3⅞	..	..	500
Schumacher.	25½	24¼	24¼	20000
Silver Leaf	1¼	..	..	2000
Teck Hughes	18½	14¾	17¼	83000
Timiskaming	21	20	20	4000
Thomp. Krist	8¾	7¾	8	27500
Trethewey .	20	18	18¾	37500
V. N. T. ..	19¾	19¼	19¾	22000
West Dome	7⅜	7	7⅜	12000
West Tree .	3⅞	3⅝	3¾	9500
Argonaut ..	38	32½	38	10000
South Keora	33¼	31	33¼	15500

Increased capitalization totaling 662,000,000 marks announced by leading chemical dyestuffs plants of Germany will be used for post war reconstruction in Germany's efforts to recapture the world's chemical dyestuffs field.

PASS DIVIDEND ON GUNNS PREFERRED

Packing Industry Suffers From Unfavorable Turn of Trade

Shareholders of Gunns, Ltd., preferred have been apprised by letter from the president, General J. A. Gunn, of the decision of the directors, in view of the difficult times encountered by the packing industry, to pass the dividend on the preferred for the quarter ending May 1 last. Labor troubles and a decided curtailment in both domestic and export trade and the sharp declines in raw products both in the United States and Canada have rendered this action necessary.

The preferred stock outstanding was issued in February, 1920, when $1,500,000 was offered for public subscription. The stock, which is cumulative and bears interest at 7 per cent., was at the time distributed widely. The outstanding common on which no dividends have as yet been paid amounts to $1,760,000, a large part of which is held by Morris & Co., of Chicago.

President Gunn, in his letter, points out that the past three months had witnessed unprofitable trading. When paying the February 1 dividend, he had referred to the unsatisfactory conditions prevailing. At that time, he added, indications were that we had about seen the end of liquidation in prices and were looking forward to an active and profitable spring trade. The anticipated favorable developments, however, failed to materialize, and after careful consideration, he adds, the board has decided that with a view to conserving the liquid assets of the company it would not be advisable to pay the quarterly dividend due May 1.

The National City Co., which handled the preferred issue a year ago, has also forwarded a letter to the preferred shareholders, expressing regret over the unfavorable turn of events. The letter in part is as follows:

The company's management has shown a willingness to permit us to co-operate in the interest of preferred stockholders to the end that their rights may be fully protected and that dividend may be resumed at the earliest possible date.

We shall spare neither time nor expense to satisfy the responsibility of the preferred stockholders. The balance sheet of Gunns Ltd., as of March 31, 1921, indicated a substantial margin of protection behind the outstanding $1,500,000 preferred stock, the book net worth on that date amounting to $3,559,426, consisting of fixed assets (after depreciation) of $2,546,516, and net current assets of $1,012,910. There was an outstanding junior to the preferred stock $1,760,351 of common stock.

GERMAN CROPS IN 1920

Very Slow Recovery From Results of the War

Final official estimates of the principal German crops for 1920 indicate that the agricultural districts of the country are recovering very slowly from the effects of the war. The following table shows the results of the harvest of 1920 for the principal German crops, together with production of the same crops in 1913, and the average annual production during the three-year period 1910 to 1912. Even after allowance has been made for the loss of Alsace-Lorraine and a large part of Prussia, figures of production in 1920 make an extremely poor showing.

Crops.	*1910-1912 (3-yr. aver.)	*1913. (metric tons)	1920.
Rye, winter	10,853,813	12,061,248	4,869,550
Rye, sum.	137,041	161,146	102,250
Wheat, win. .	3,659,042	4,112,984	1,895,272
Wheat, sum. .	437,104	542,972	359,783
Barley, sum .	3,181,609	3,673,254	1,799,713
Potatoes . ..	42,684,029	54,121,146	28,248,765
Oats	8,041,553	9,713,965	4,810,126

*Figures are for pre-war area.

BACK FROM BRAZIL

Farmer Fortune-seekers Glad to Return to Canada

REGINA.—The vanguard of what is believed will be a large movement of farmers from the United States to Saskatchewan this year, has commenced. The newcomers are from points south as far as Iowa and Missouri.

While the climate of Saskatchewan has been much abused and men have declared it was "no country for a white man"—the Archambault family—a farmer and his eight sons—have arrived back on their farm near Cedoux after treking for three months from Brazil where they had migrated in the hope of finding something better than Saskatchewan had to offer.

Argentine bankers to discuss project of releasing 100,000,000 of gold pesos to relieve strain resulting from low price of Argentine pesos, and help to regulate exchange on United States.

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Not by Transferring Purchases From One Country to Another

A MINOR FACTOR

Discontinuance of Specie Payment Prime Cause of Exchange Depression— Loose Methods of Finance

By W. J. BELL.

One frequently hears that a Canadian dollar contains 100 cents, as of yore. So it does; but as the cent itself is at a discount, that the dollar also is, is obvious; and that neither will buy as much as real money will is equally apparent. Buy a bushel of Manitoba wheat in Winnipeg and then in Minneapolis and see if the Canadian dollar now has the purchasing value it formerly had.

On August 3rd, 1914, an order-in-council was passed discounting the specie payment. So that since then and now payment of Canadian bank bills and government notes cannot be demanded, although all have printed on them in the plainest terms "payable on demand." Similarly, if you will look on your Victory bonds you will find that "principal and interest are payable in gold coin," a promise the government has not fulfilled, in fact one which it is doubtful if it ever intended to fulfill.

Now, under such circumstances is it any wonder that our money is at a discount? Our bank bills are merely "tokens" and each one of them but represents an overdue debt, while our government itself is repudiating in part the interest on its bonds by not paying in gold as promised.

Balance of Trade a Factor

The balance of trade against us is certainly a factor, but under present conditions it is a minor one. Even were the balance in our favor our money would not be worth its face value. It never will be until such time as specie payment is resumed. Before gold redemption was discontinued our money was worth par despite the adverse balance of trade which existed then, as now.

We have heard of the possibility of transferring our fruit imports from the U. S. to the West Indies. In what manner, may I ask, would that benefit the balance of trade? It would be merely swapping creditors and would in now way reduce the adverse total against us. Did it ever occur to you that were we to cease buying American goods altogether and to purchase everything from other countries, that the adverse balance against us would still exist and our money would still be at a discount? The only proper procedure is to reduce our imports from all countries and to discontinue our Bolshevik methods of finance.

The trouble is that people generally forget, or profess to forget that our money is not at a discount in the U. S. alone; they ignore the fact that relatively it is at the same rate of discount in all countries. Truly in some it is nominally at a premium, but the premium is purely nominal. In England, for instance, a note of the weakest Canadian bank commands a "premium" when payment in Bank of England notes is made. But, were payment in gold to be demanded there, what would our money bring? Why 15 per cent. or 16 per cent. discount, the same there that it does in Canada, does in the U.S., or does in all other countries. Our money, although worth less than gold, is not at as great a discount as Bank of England notes, hence the nominal "premium" it commands in English money.

I see that, like our Minister of Finance, Sir Henry Drayton, when he talked on exchange a year or so ago, the provincial treasurer of Manitoba is displaying his lack of financial knowledge by urging Canada's immediate return to the gold standard. But, more wisely, he does not even attempt to offer a suggestion as to how that is to be brought about. The man able to solve that riddle will indeed be a Napoleon of finance. It is utterly and absolutely impossible at this time and will be for years.

DOMINION

C. A. Bogert, general manager of the Dominion Bank and president of the Canadian Bankers' Association, has returned from a holiday in the south.

IMPERIAL

G. L. Alexander, manager of the Ingersoll branch of the Imperial Bank since May, 1919, will shortly be transferred to Walkerville, to assume the management of a new branch which is being opened.

EXCHANGE MARKETS

Mainly Firmer in Tone—Sterling Moves Up

The exchange markets were firmer in tone throughout the week, sterling advancing from $3.95⅛ to a high of $3.87⅜ at the close. Francs, too, displayed tendencies toward firmness. Fluctuations in New York funds were mainly downward, the closing quotation at 11 5-16, comparing with the opening of 12¼. The following are the fluctuations for the week:

New York Funds

April 28.—New York funds opened at 12 3-16. Sales at 12¼ and 12 7-32 to 12 9-32 at close.

April 29.—Opened at 12 3-16, moved down to 12 1-32 at close.

April 30. — Funds opened at 12 to 12 1-16, closing weaker at 11⅞ to 12.

May 2.—Opened at 11 13-16, easing later to 11¾ and 11 25-32.

May 3.—Funds steady around 11 7-16 and 11 17-32.

May 4.—Funds ranged between 11 5-16 and 11½.

Sterling and Francs.

	Sterling Demand	Sterling Cable	Francs Demand	Francs Cable
April 28	$3.95⅛	$3.95⅞	13.21	13.19
April 29	3.95⅛	3.95¾	13.01	12.99
April 30	3.96¾	3.97½	12.90	12.88
May 2	3.96¼	3.97	12.91	12.89
May 3	3.97⅝	3.97⅜	12.51	12.49
May 4	3.97⅜	3.98⅛	12.63	12.61

NOVA SCOTIA

The Bank of Nova Scotia announces the establishment of of branches at River John, N.S., Joggins, N.S., and Santiago de Los Caballeros, Dominican Republic. The last is the third branch of the bank to be established in the Dominican Republic.

The following transfers of managers have been announced by the Bank of Nova Scotia: F. H. Gilroy, from Brussels to Petrolea; C. G. Walker, from Petrolea to Sudbury; E. A. Dixon, from Sudbury to Brussels.

TORONTO

J. A. Woods, western superintendent of the Bank of Toronto, Winnipeg, has severed his connection with the bank and has joined the National City Bank of New York. Mr. Woods, who has been connected with the Bank of Toronto at Winnipeg since 1907, will be succeeded by F. H. Marsh of the Sterling Bank, Toronto.

Weekly Bank Clearings

(In comparison with same week last year)

(Eastern Cities)

	April, 28, 1921.	Change.	%
Toronto . . .	$ 91,506,537—	$ 6,952,460	7.6
Montreal . . .	107,925,325—	7,595,845	6.5
Ottawa	6,292,297—	1,884,257	23.0
Hamilton . . .	6,009,009—	1,264,556	17.3
Halifax	3,220,533—	1,265,928	28.2
Quebec	6,036,133+	100,018	1.6
London	3,123,035—	429,148	12.0
St. John	2,694,860—	848,718	23.9
Windsor	3,213,215—	272,685	2.2
Brantford . . .	1,112,191—	142,888	11.3
Sherbrooke . . .	1,208,266+	283,167	30.6
Kitchener . . .	937,229—	197,372	17.4
Peterborough . .	885,057—	20,770	2.2
Total East . .	$234,190,687—	$20,291,442	7.9
Moncton	1,147,770		

(Western Cities)

	April, 28, 1921.	Change.	%
Winnipeg . . .	$ 48,455,779+	$ 6,854,938	16.0
Vancouver . . .	15,919,459—	820,712	4.9
Calgary	6,269,573—	924,977	12.8
Edmonton . . .	4,837,755—	2,032,499	29.5
Regina	3,461,555—	853,522	19.7
Victoria	2,002,111—	712,469	26.2
Saskatoon	1,692,270—	473,714	21.9
Moose Jaw . . .	1,192,441—	275,855	18.7
Ft. William . . .	839,991+	102,782	13.9
Lethbridge . . .	608,797—	233,659	27.7
N. Westminster .	590,987—	109,733	15.6
Brandon	580,854—	84,307	12.6
Medicine Hat . . .	363,333—	33,393	8.4
Prince Albert . .	277,609—	201,024	42.1
Total West. . . .	$ 88,092,514—	$ 201,846	.2
Grand total . .	$322,283,201—	$20,089,596	5,8

Monthly Bank Clearings

(In comparison with same month last year).

(Eastern Cities)

	April, 1921.	Change.	%
Toronto	$433,936,360—	$29,867,728	6.4
Montreal	491,649,265—	40,016,669	7.5
Ottawa	34,279,406—	7,396,028	17.7
Hamilton	26,909,887—	6,590,567	19.6
Quebec	27,193,361—	3,145,691	10.3
Halifax	17,331,632—	2,550,501	12.8
London	15,492,670—	1,284,788	7.6
St. John	12,298,510—	2,653,519	17.7
Windsor	14,407,894+	665,247	4.8
Brantford	5,428,446—	1,597,313	22.7
Sherbroke . . .	5,158,570—	63,977	1.2
Kitchener . . .	4,359,426—	986,268	18.4
Peterborough . .	4,201,823—	490,257	10.4
Total East . .	$1,092,577,250—	$95,978,059	8.07
Moncton	4,945,821		

(Western Cities)

	April, 1921.	Change.	%
Winnipeg. . . .	$206,396,710+	$18,213,327	9.6
Vancouver . . .	63,126,307—	8,639,090	12.0
Victoria	10,580,984—	1,333,141	11.1
Calgary	28,807,613—	5,318,941	15.5
Edmonton . . .	20,862,183—	11,041,527	34.6
Regina	15,777,702—	2,820,150	15.1
Saskatoon	7,895,360—	1,916,708	19.5
Moose Jaw . . .	5,677,317—	1,702,322	23.0
Ft. William . .	3,434,932+	156,322	4.3
Lethbridge . . .	2,728,601—	1,859,681	40.5
N. Westminster .	2,578,160—	592,176	18.6
Brandon	2,929,937—	237,492	7.4
Medicine Hat . .	1,765,326—	148,291	7.7
Pr. Albert . . .	1,525,718—	540,694	26.1
Totaal West	$374,086,850—	$18,093,209	4.6
Gr. Total . .	$1,466,664,100—	$114,071,268	7.2

BANK STOCK CHANGES

	Last April 20	Sale May 4	Ch'ge
Commerce	187	186½	— ½
Dominion	194	194	....
Hamilton	180	180	....
Imperial	186	185	— 1
Merchants	170	174½	+ 4½
Molsons	178	178	....
Montreal	206½	203½	— 3
Nova Scotia	255	255	....
Royal	202	202	....
Standard	200	200	....
Toronto	*179	180	+ 1
Union	155	155½	+ ½

SOME PROBLEMS OF STERLING EXCHANGE

Some Simple, Common-sense Rules Which Should Help Materially

Importers and exporters never found more difficulty than at the present time in deciding when to buy foreign exchange bills in the handling of their foreign business. A great majority of merchants and manufacturers are importers and exporters, directly or indirectly. "Of all foreign bills," says Paul Clay, economist, in Forbes Magazine, "sterling is by far the most important, for two reasons:

"The bulk of our foreign trade is financed through London; our trade with the United Kingdom is far more important than with any other nation. In 1919, for example, of our grand total exports of $7,922,000,000, exports to Great Britain alone were $2,279,000,000. British ships carry a large part of our trade even now, and British shipping companies dominate the movement of ocean freight rates. There are British foreign banks in every nook and corner of the world, and we make the freest use of this highly developed British machinery for remitting money and collecting bills.

"One cannot possibly understand the movements of Continental, Asiatic and South American exchanges without beginning with a clear grasp of the fact that all foreign bills, including even the most important, such as francs, are powerfully influenced by the movements of sterling. A study of the trade balances of these various countries throws but little light upon the movement of their bills. If one were to buy and sell Brazilian milreis, or Argentine pesos, or even French francs, in accordance with the indications given by the trade balances of these countries, he would be wrong at least as often as he would be right. Otherwise expressed, the movement of these respective bills is not so much influenced by the trade balances of the given countries as by the ups and downs of sterling exchange.

"The rules are simple, although they manifestly cannot be certain to get the desired result. They are: (a) Under normal and ordinary circumstances, sterling should be expected to touch its high of the year about June, and its low about mid-autumn. (b) The deviation from this rule should be judged mainly by the deviation of the British and American trade balances from the above normals or averages. (c) In case of such deviation, one's estimate of future movements should be based upon the rule of momentum. With all the rules it is easy enough to make mistakes, owing to the large invisible items in the world's international trade. But the uncertainty of success does not void the value of trying, especially as simple, commonsense rules are a material help."

ARE LOOKING TO THE CANADIAN MARKET

British Manufacturers Are Preparing For Trade Revival

F. C. Field, British Trade Commissioner, of Toronto, has returned to Canada following an extended tour of industrial England. During the course of five or six months he visited personally and inspected some 500 British plants and factories, and he therefore brings with him an intimate and accurate knowledge not only of conditions in Britain but of the opportunities for developing Canadian trade with the Motherland. While industry is highly depressed in England, Mr. Field declares that he was impressed with the wholesome spirit displayed not only by the employer but by the employed as well. The employer was laying careful plans for a trade revival, and in this connection was looking to markets lying outside the country, and he was particularly interested in the Canadian market. While the British worker as typified by the British coal miner has not been setting an encouraging example of late Mr. Field declared that he was impressed with the absence of the extremist element in labor circles.

In a great many lines fair progress had been made in the matter of wage adjustments, and the employees of a large biscuit concern through their industrial council intimated to their employers their willingness to accept a cut in wages of 15 per cent. in view of the very evident necessity for economy in operation. This move he declared had probably the effect of saving a greater cut and could be worked with similar success in many other lines of industry if the workers would but stop to consider the position of industry as a whole.

The British manufacturer, he said, had in many cases been disappointed at the flood of cancellations received from the Canadian trade in the past few months. While often a compromise was effected with the Canadian customer, in the majority of instances the contracts were definitely set aside, with heavy loss and much inconvenience to the British agent.

INDUSTRY MAKES A DEFINITE DRIVE ON PRODUCTION COSTS

Continued from page 1.

from a reliable source that this firm is contemplating closing for two or three months. During the interval an opportunity will be afforded of disposing of the now accumulating stocks. Then, too, there is the possibility that the markets for raw materials will have been readjusted upon a normal basis and materials purchased at normal levels.

Reports from implement dealers in various parts of the country indicate that sales have fallen off in recent weeks. This is attributed to the fact that the farmer is now looking for lower prices, and is delaying the purchase of new equipment longer than he otherwise would have considered advisable. An anomalous situation here arises in the fact that while farmers are diffident in purchasing implements they are entering the market freely for the lower priced motor cars. The explanation is probably found in the fact that in the case of the average individual his own inclinations are strengthened by influence brought to bear upon him by other members of the family, whereas in the case of new field equipment he is the only interested party. This indicates, however, that the farmer is in a sound condition financially despite the fact that he has been forced to take heavy losses on his produce and stock.

The trade which deals in men's furnishings offers peculiar cause for reflection at the present moment. Retailers in these lines are selling more than they are buying. They have followed this policy now for some months. They have been able to do so through the fact that they were heavily loaded up by the manufacturers at the beginning of the slump, and in many cases are still unloading. Where the process of liquidation has been fairly completely worked out they are buying on a hand to mouth basis. Dealers in men's hats have been particularly unfortunate in being caught with stocks of high-priced goods on hand. This condition arose, and this fact is true of many other lines of trade, through the policy of booking up for larger quantities of goods than the extent of the business required during the period of industrial prosperity and when deliveries were uncertain and irregular, in the hope that at least a portion of the order would be delivered. When the slump came, however, the manufacturers unloaded, and many of the retailers found their shelves piled up with high-priced goods far beyond their needs. There is another feature here of special significance for the Canadian manufacturer. Many hatters are buying almost exclusively from the United States manufacturers because of the fact that they can secure the goods at a substantial reduction over the Canadian price notwithstanding the adverse rate of exchange. Other dealers claim that the same condition holds true for underwear. In the meantime the Canadian manufacturer is forced to close down his factory, and the wholesale trade is forced to subsist upon orders of insignificant volume.

In the grocery trade conditions are somewhat better. The retailer has so far been able to resist any unusual degree of loss. The wholesaler on the other hand was caught with heavy quantities of goods on hand and has been a heavy loser. At the present moment both the wholesaler and the retailer are buying sparingly and are refusing to stock up with more goods than is absolutely essential for immediate needs only. The wholesaler as a rule refuses to order more from the manufacturer or producer than the order in his hand requires. He is taking no chance of again being caught with high-priced goods on hand.

A Policy of Prudence

A buyer in a large retail dry goods store in Toronto pointed out this week that his firm had unusual difficulty in buying high-priced goods, as nearly all manufacturers had shut down on these lines or were producing in small quantities only. There was an abundance of the cheaper grades, but the manufacturer was content to follow a policy of prudence rather than run the risk of stocking up in these goods with the probability that he might be compelled to sell with an unfavorable turn of the market at less than manufacturing costs. The problem of buying for the fall trade is now presenting its difficulties to the retailer. In this same firm the management was divided on the question of buying now or delaying for a few months for the later market. At the moment the question has not yet been decided, but this instance but serves to illustrate the difficulties and uncertainties facing business at the present moment. The unemployment problem is beginning to cause some anxiety. Addresses at recent gatherings of the unemployed in Toronto have been marred by the prevalence of seditious statements. The question arises, how far may this freedom of speech be permitted. At the moment the great mass is not deeply stirred by the exhortations of the radical agitators, but the time will come when the pinch of adversity will become more keen and the sympathies can be more easily preyed upon.

TAKE LOWER WAGES TO PROVIDE WORK

Broad View of Building Employment Situation by Workers at Regina

From Our Own Correspondent.

REGINA. — During the last two months many meetings have been held in Regina between the Association of Construction Industries and delegates from the various unions in an attempt to arrive at a scale of wages for the season. These meetings have not been productive of an understanding and the contractors have set a wage scale which they are prepared to pay after May 16. The maximum rates per hour under this scale are: Bricklayers, $1.10; plasterers, $1.05; carpenters, 85 cents; painters, 80 cents; electricians, 85 cents; plumbers and steamfitters, 90 cents; sheet metal workers, 80 cents; laborers, 45 cents.

While the various unions affected are objecting to the new scale proposed, there is no talk of a strike. "We feel we have not been dealt with honestly," declare members of the carpenters' union, "but at the same time we hesitate to take any drastic action at such a time when work and lots of it is required."

Merchants Must Be Sold— For They Are Your Final Salesmen. They Can Make or Ruin Your Campaign

Until recently many firms have taken advantage of their position and have let their merchants shift for themselves. To-day from all the lines offered the merchant can and will choose for himself. In a market where he holds the balance of power, he can afford to pick and choose.

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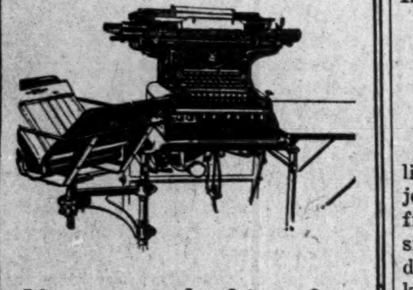

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STEEL FIRMS KEPT THEIR ASSETS LIQUID

Earnings Used to Swell Capital and Fortify Against Depression

Large earnings accumulated by the leading steel companies over the six-year period 1915-1920 were not invested in "bricks and mortar" to any extent, but were kept in liquid form, swelling working capital and fortifying the companies against a possible period of depression.

United States Steel, for instance, earned in the six years a surplus, after dividends, of $473,250,419, adding $93.10 a share to the value behind its common stock. Of this surplus, $318,423,519 was used to increase working capital, $74,290,329 to reduce capital liabilities and $34,527,395 added to sinking fund reserves. The Steel Corporation's additions to property account were $148,904,616.

Lackawanna Steel followed a policy of using surplus earnings to reduce funded debt. Of the $28,035,144, or $79.85 a share, which it added to value in the period under review, $19,426,963 represented decrease in indebtedness, working capital being increased to the extent of $6,157,493. By reducing its debt, Lackawanna lessened the burden on profits before stock.

Republic Iron & Steel used slightly more than half its $30,826,281 surplus earnings ($102.75 a share) in plant construction and extension, $15,576,791, adding to its working capital $14,841,516 and reducing capital liabilities by $837,158.

Bethlehem Steel, on the other hand, made heavy expenditures for new construction, but these were financed from sale of securities. Surplus profits, after dividends, not including $30,000,000 stock dividend, were $96,267,649, or $160.80 a share, and additions to working capital $65,388,191.

Bethlehem added to property account $162,331,783 and against this it increased its capital liabilities $153,425,912 by sale of stocks and other securities, and $30,000,000 by a stock dividend.

Earnings of the Canadian National Railways for the last week of April amounting to $2,424,499 show a decrease of $54,142, or 2.1 per cent. as compared with the corresponding period in 1920.

NEWS AND VIEWS FOR MANAGERS

LIFE INSURANCE GUIDE REGARDING CURRENT LOANS

Chief Executive of Company Seeking Credit Should Be Covered

A STRAIGHT POLICY

Is Usually Favored by Banking Authorities in Preference To The Endowment Plan

By J. G. MOFFAT,
Manager Union Bank, Belleville.

Canadian banks do not sell life insurance and have no object in advocating life insurance from the standpoint of commissions. However, bankers do come in daily contact with many people and know of their ups and downs, successes and failures as probably no other class of men. Consequently we have decided opinions regarding life insurance.

Perhaps a man could be justified in not carrying life insurance if he knew positively that he would live to see all his financial schemes successfully carried out, and to know that those dependent upon him would be left in comfortable circumstances. But this is not the case. Few men live to complete their life work. There are instances every day of the passing of men in life, who have carried heavy obligations, which in the settling of their estates have more than offset their equities. Had these equities been protected by life insurance permitting them to be nursed they would have provided an income for the dependents.

There is what we term banking the one man business, the success of which depends largely on the health and life of one individual. It can readily be understood that a bank would more favorably consider granting credit to a concern of this kind where the life of the chief executive was amply protected by life insurance, payable to his company and which could be assigned to the bank. Canadian banks are making it a point of ascertaining the amount of insurance carried by all their borrowing customers, showing they fully realize the value of life insurance as a business protection. The business man who protects his liabilities by life insurance inspires the confidence and admiration of his banker.

Borrowing on Policy

The banks realize that an institution exists for the protection of the business community. The life insurance companies take the chances for which they are created, so that the debts will be paid in full should the debtors die before paying such obligations themselves. While many men have been practically saved from ruin by being able to borrow against their policy, this privilege should be discouraged rather than encouraged, except in cases of real necessity. Most bankers favor straight life insurance, and while we do not wish to discourage endowment insurance—it has its place—we feel that insurance is primarily a protection and not an investment.

One bank magazine says: "Life insurance should be included in any definite scheme of purpose and progress. It provides for the hearth of existence a back log of protection."

The Encyclopaedia Britannica says of life insurance: "Life insurance has done more than all the gifts of impulsive charity to foster a sense of human brotherhood and of common interests. It has done more than all repressive legislation to destroy the gambling spirit. It is impossible to conceive of our civilization in its full vigor and progressive power without this principle which unites the fundamental law of practical economy that 'he best serves humanity who best serves himself,' with the golden rule of religion, 'Bear ye one another's burdens.'"

As further evidence of what the Union Bank of Canada thinks of life insurance I attach the letter of our former general manager, G. H. Balfour, in a booklet published by the Life Underwriters' Association of Canada. The letter says:—

Dear Sir,—Answering your letter I have no hesitation in saying that in our opinion, commercial credits to individuals, partnerships, or incorporated companies are greatly improved, in the eyes of their banks when supported by life insurance taken out for the benefit of the business. There is no doubt that the financial standing of borrowers is materially strengthened against unexpected withdrawals of funds, owing to death, when such depletion of capital is provided against by life insurance. I have no hesitation in strongly supporting the views expressed by you on this subject, in your address on Business Insurance delivered before the Life Underwriters of New York on March 1st.

MEETING RURAL CREDITS CAMPAIGN

Branch bank managers, particularly in Western Canada, will find in the article on rural credits in the Banking Section of this issue some effective arguments against the complaints of farmers and politicians—particularly the latter—that the banks do not effectively serve the agriculturalists. This article is by J. L. Clarke, of the Rural Service Department of the Merchants Bank, and carries some constructive suggestions as to how the financial problems of the farmers can best be worked out.

Any publicity which can be given to the upbuilding of Commercial Credit through life insurance protection, is a move in the right direction, as it is designed to conserve the business credit interests of Canada, in providing indemnity against the loss of valuable lives in business firms or corporations requiring credits.

BANKER SAYS GO SLOW AND PLAY SAFE

Tells Business Men to Follow a Conservative Course for the Present

In an informal talk on business conditions in the maritime provinces W. J. Ambrose, manager of the St. John branch of the Bank of Montreal, told the Canadian Credit Men's Trust Association that the banker's viewpoint sometimes differed from that of the merchant. The banks had been preaching caution and prudence. They had advised that only such purchases be made as were necessary for actual business in view. Those that had followed this advice were now reaping the benefits.

Business in the maritime provinces was fundamentally sound, he said. They were, however, suffering from the general effect of the world war. Prices received for the potato crop had been unsatisfactory, as had fish prices, and it had been a bad year in the lumber industry. The cut had been 50 per cent. less than last year and the wages paid for this cut were considerably smaller. This resulted in the general public not being in a position to buy so much as formerly.

The maritime provinces had been free from speculation and thus escaped disastrous results. When prices were advancing was the time to make provision for the time when they would fall. In fat years they should secure a surplus which would stand them in good stead when the lean years came.

Banks could not furnish unlimited credit and for every loan made they had to face the eventuality of paying for it in gold or its equivalent. All merchants had to borrow and if they and the banks could get together on a suitable basis it would be better for all.

He described optimism as having faith in the future. He said that this spirit prevailed in the maritime provinces. With a reasonable amount of prudence and co-operation between the debtor and creditor merchants could be nursed along and eventually become successful.

He read opinions given by other officers of his bank to the effect that the situation showed there was no cause for apprehension but need for caution. Prudence and sagacity would enable Canada to meet the present situation without impairment to her credit or commerce.

In concluding, he said that the policy that should be pursued by merchants was to go slow and play safe.

STILLMAN'S RESIGNATION

Forbes' Magazine Predicted That He Would Have to Go

The resignation of James A. Stillman as president of the National City Bank of New York was predicted by Forbes' Magazine:

"Favoritism to one's own relations" is how the dictionary defines nepotism. One of the most flagrant instances of nepotism in the financial world was the electing of young James A. Stillman as president of the largest national bank in America. Everybody, including Stillman himself, knew that he was not the best man in the country for this tremendously responsible position. He usurped the job simply because he was the son of James Stillman, upbuilder of the bank, and because he itched to oust Frank A. Vanderlip, who had become by far the best-known figure connected with the institution. Despite his utter unfitness for the responsibility, young Stillman, to the astonishment of the banking world, held on to the place.

The removal of James A. Stillman as president of the country's largest financial institution should be accepted by every man in the country as inspiring and encouraging. It will demonstrate the truth of what is so often proclaimed that the day has passed when an enormously responsible position can be awarded to anyone not meriting it, and that neither money nor influence is necessary to enable a young man to rise to the very top.

FEW DETAILS YET ABOUT NEW BANK

Active Steps to Organize Will be Taken After Charter Has Been Passed

Though there have been numerous reports concerning the particular objects and purposes of the "Commonwealth Bank" for which charter application has been made at Ottawa, no definite details are obtainable from the provisional directors. The name of William H. Gibson, a prominent and well-to-do fruit grower of Newcastle, Ont., on the provisional board might indicate that the bank's activities are intended to be largely agricultural, though it is stated that a general banking business will be conducted. Offices are to be opened first at Toronto and at Montreal and it is intimated that head offices having special jurisdiction over each province will be opened as soon as practicable. The act of incorporation has had its third reading in the senate committee and has now to go to the commons for approval. No further organization steps can be taken until after the act has received the assent of the lower house. Starr, Spence, Cooper & Frazer are the attorneys for the new bank. Offerings of the stock will be made publicly as soon as the charter is granted and it is understood that the provisional directors will take substantial interests.

ALBERTA IRRIGATION ISSUE

Expected To Be Placed on Market Immediately

Reports from Lethbridge are to the effect that bids for the earthwork of the Lethbridge Northern irrigation project will be called for immediately. It is proposed to offer the bonds in connection with the project at once and it is hoped that they will be absorbed on the Canadian market at favorable terms.

MANITOBA TREASURY BILLS

The provincial treasury of the province of Manitoba has disposed of $2,500,000 worth of treasury bills to a Winnipeg bank to meet capital expenditure to be undertaken this year. The treasury bills bear interest at the rate of 5½ per cent.

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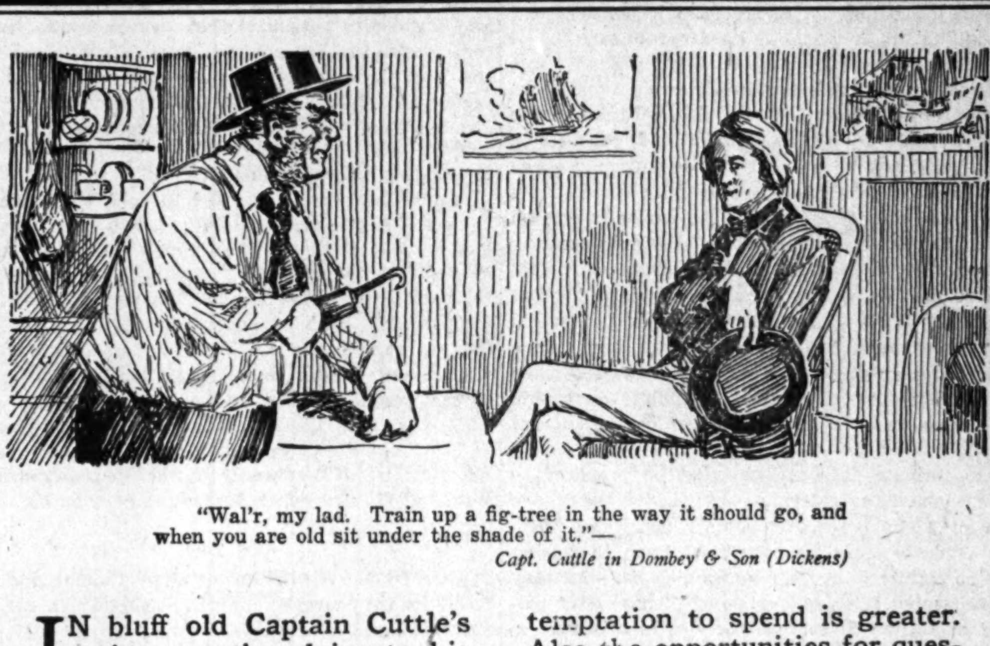

"Wal'r, my lad. Train up a fig-tree in the way it should go, and when you are old sit under the shade of it."—*Capt. Cuttle in Dombey & Son (Dickens)*

IN bluff old Captain Cuttle's epigrammatic advice to his protege, Walter Gay, was compressed a lot of wisdom. It admonished Walter to be thrifty and foresighted, to take care of what he got, to invest it safely, and in his old age he would enjoy the fruit of his labor in tranquility and peace.

That advice to young men of today is even more valuable because more needful.

Habits of saving are harder to cultivate today, because the temptation to spend is greater. Also the opportunities for questionable investments are more alluring than in Walter's time. The need for prudence is greater. Young men with savings to invest should consult with a financial house of long standing and dependability.

Such a firm is that of Aemilius Jarvis & Co., Limited, for thirty years one of Canada's leading investment banking houses, with a reputation built up for service, reliability and efficiency.

Before you invest, consult us.

Write for a copy of "The Investment Guide".

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INVESTMENT BANKERS
ESTABLISHED 1891
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THE FINANCIAL POST

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TORONTO, MAY 6TH, 1921

WHEN A GOVERNMENT GOES INTO BUSINESS

THE fact that while Winnipeg has piled up a surplus of $1,100,000 in connection with the Manitoba Government telephone system the enterprise as a whole has created a deficit of $200,000 is bringing home to the residents of the prairie metropolis a realization of some of the weaknesses of the public ownership theory. The Tribune calls attention to the fact that the Winnipeg user is charged more than the cost of his phone while the user elsewhere is charged less than the cost of his phone—and the more the system is extended the greater the loss and consequently the bigger the bill Winnipeg has to pay.

Pointing out that the deficit of the system increased from $25,000 to $392,000 in one year, the Tribune declares that increased wages and higher costs of material do not explain a loss of more than $1,000 per day but that the showing can only be explained in excess labor and inefficiency. A friend of public ownership, the Tribune is hoping—and it would seem to be forlorn hope—for better things when it says:

The people of Manitoba are committed to the principle of public ownership in a good many directions and they look forward much more to the extension of its operation than the reverse. But they assuredly propose in all matters where they are responsible, to have ordinary principles of business economy applied to the transaction of their affairs. In the provincial telephones there has been an obvious departure from these principles. Here is a brilliant opportunity for zealous reformers to lay their hands to a practical achievement and bring their theories to earth.

SERVICE THE FIRST CONSIDERATION

WHILE the Ontario Legislature, under the influence of Sir Adam Beck and the Hydro-Electric political machine, was killing the McCrea bill which would give to the Railway Board the power to increase street railway fares when necessary to maintain service, Bion J. Arnold, the transportation expert retained by Sir Adam Beck and the Hydro-Electric, was telling the Sutherland commission that service could not be provided for less than a seven cent fare without a deficit to be covered by taxation. As the situation now stands the private companies have been delivered into the hands of the Hydro. They are operating at heavy losses, in some cases on fares about half what experts would call for to pay for service rendered, while the London and Port Stanley line—Beck's pet radial scheme—operates under a Dominion charter and gets a higher rate than any other radial in the province and while special legislation can be secured for public ownership roads to increase fares as in the case of the seven cent bill for Guelph.

Of course private corporations must be prepared to stand by their charter agreements—even though there have been instances where the governments which issued them have not. And they can be restrained from increasing their fares no matter what their losses may be. But they cannot be prevented from relinquishing their charter privileges and discontinuing service. It was in this connection that the McCrea bill was designed—to permit the Railway Board to step in and operate, on increased fares if necessary, in the event of the company being forced by operating losses into a position where service could not be continued.

There is nothing particularly new in the Hydro policy in this instance but it smacks of that now familiar Prussianism for which the distaste of the public is growing.

DITES-L'EN FRANCAIS

QUEBEC, with its more than two million French-speaking people, is a very uncertain quantity for the manufacturer or wholesaler who has not studied the French mind. But distributors who have successfully analyzed the Quebec market, have found it as productive a field for orders as there is in the entire country.

One large Montreal wholesale firm that has done phenomenal business gives as its secret of success: "Buy in English and sell in French." This is a good rule for any concern that wants nation-wide distribution of its products, with no gap in Canada's second largest province. There is in Hamilton a large concern that tried for years to cultivate the Quebec market without much success. At last a French-Canadian, with a good understanding of the racial characteristics of both the English and French people, was put in charge of the field. The first thing he found was that the firm had for years been sending out its direct-by-mail literature printed in English, despite the fact that every mail brought back many of the same circulars with a trite bit of advice—in French—to send circulars printed in French and they would be read. This same concern, under a French-Canadian sales manager has built up a big market in the province on the St. Lawrence.

Another Toronto concern, with nation-wide distribution, hit upon what it thought was a novel scheme to avoid sending French circulars to English speaking people in Quebec and English circulars to French-speaking people. Both English and French circulars were prepared and mailing lists analyzed to divide the seemingly French names from the obviously English names. It was a brilliant idea, but after a year or two when the firm was still fighting to gain a foothold in the Quebec market without success, a French department was established and upon investigation found that a Frenchman cannot always be picked out by his name. For instance the Lavallieres and St. Jacques of one of the Quebec cities are all English-speaking people and the Campbells, the Frasers and the Macdonalds of another town all speak French.

The Quebec market is a wonderfully absorptive market. But to cover it successfully manufacturers must make the proper appeal and—say it in French.

MURRAY LOOKS FOR A SOFT SPOT

THE Murray method of controlling the policies of the Canadian press by the big stick of advertising patronage does not appear to be any more successful than was predicted when the scheme was first announced. In his latest bulletin Murray intimates that his scheme is tumbling, but picks out a soft spot to fall on when he observes that "neither blame nor stigma of failure could attach to him were he now to relinquish the work for something that would be more remunerative." If the Murray scheme did not prove remunerative to Murray it certainly lost its one excuse for existence; it could certainly find no justification in service to those who supported it.

We believe that "Marketing" correctly sums up the situation when it says that manufacturers who a year or more ago were willing to give the Murray scheme a trial are now unwilling to renew their subscriptions and continue their support of the plan—"undoubtedly convinced that it is certain to result in more harm than any possible good to the manufacturing interests in Canada."

The pity is that the manufacturers did not realize this before they ever went into the scheme. And not only those who did go in must bear the blame, but rather the manufacturers in general because of the long-established connection in the public mind between Murray and the Canadian Manufacturers' Association. The C.M.A. should have repudiated the Murray scheme at the start—realizing that inevitably it must fail—and thereby protected the members from the ill-will of the press and the public.

THE BANKS AND MORTGAGE LOANS

A WELL-TO-DO owner of property who was experiencing difficulty in arranging a mortgage loan at the rate he wanted to pay applied to his bank for a loan. His idea was of course to carry on in this way until mortgage rates eased and he was most indignant when his application was refused. Was he not amply good for the amount and in any event would he not have been willing to give mortgage security?

It was useless to explain that the Bank Act prohibited such security; he thought there was some way to evade it if the bank was willing. He was an Old Country man and knew that in England banks would lend on mortgage at times and frequently made advances on an agreement to give mortgage security later.

Some years ago this was tried by a bank in Canada and the courts here held that such a transaction was in contravention of the act and illegal. In England, however, the joint stock banks may take such security, this for the reason that these banks are not organized under the Bank Act but under the Joint Stock Companies Act. The Bank Act in England applies only to the Bank of England. Hence this difference in practice.

Banks here are permitted to take mortgage security to secure a debt already incurred, but when such security is taken it is evidence that the loan is in an unsatisfactory shape; that the customer cannot pay as agreed and that the bank is compelled to give him time to make other arrangements. Such advances are not wanted by banks as they tie up their funds to the extent of the amounts so advanced and thereby restrict the banks' ability to assist current business, which is their real function.

EDITORIAL NOTES

AN ASSISTANT engineer in the Department of Public Works at Ottawa gets a larger salary than his chief. Perhaps he is worth it.

* * *

TORONTO'S Civic Transportation Commission deserves credit for the courage shown in placing a new car order for $1,270,000 on the basis of cost, even though the order went to Montreal to the chagrin of some of the local municipal vote-hounds.

* * *

SPEAKING before the American Farm Bureau Federation at Washington Herbert Hoover declared that the whole railroad rate structure needed consideration as to its bearing on our future national life, and continued:

"Unless we can look forward to some drop in rates, we shall rewrite the whole industrial geography of the United States. Railroad rates bear an intricate relationship to our natianal prosperity, and unless they are lowered quickly there will be a decided shifting of agricultural industry."

OF COURSE no one will argue that the amount of compensation to workers increased the number of accidents which occur. But the figures for Ontario for 1920 certainly indicate that larger compensation has been an influence in regard to the number of accidents "reported" and in increasing the periods of convalescence of the injured.

* * *

THE Minnesota State Supreme Court has upheld the Jackson County Court in the conviction of A. G. Townley, president, and Joseph Gilbert, former organizer of the National Non-Partisan League. They were charged with conspiracy to discourage enlistments during the war, found guilty and sentenced to serve ninety days in the county jail.

* * *

BY AMASSING a big fortune by conservative investment methods the late Justice Britton has provided an inspiration for those who have but a small margin to set aside. The slogan of the small investor should be not how much can I make but rather how little will I lose. If the average person would guard against possible loss before considering possible gain there would be small need for poor houses.

Course of Wholesale Prices For One Hundred Years

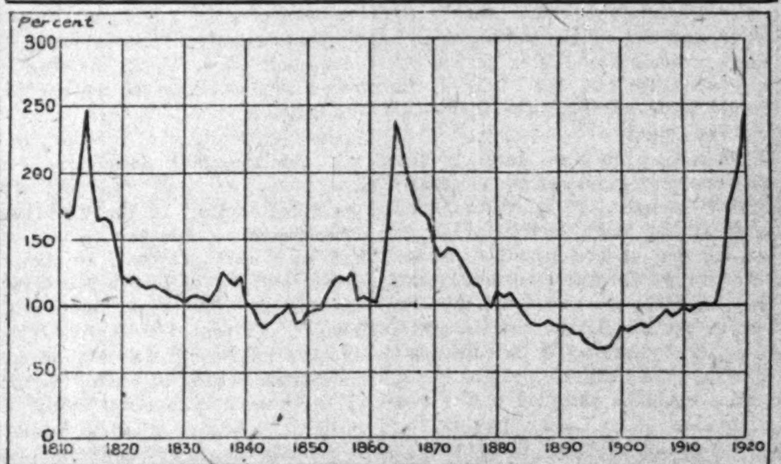
The United States Experienced Two Complete Price Cycles After the War of 1812 And the Civil War

By RALPH G. HURLIN,
Of Russel Sage Foundation, in "The Annalist."

THE present price situation has been compared frequently in recent months with that which followed the price upheaval of the Civil War in the United States, and close analogy has been shown to exist in respect to many phases of the two price movements. Another long period of deflation similar to that which followed the Civil War was experienced after the War of 1812.

The accompanying diagram shows the course of general wholesale prices since 1810. There are two outstanding features of the diagram; one is the similar height of the price level after the two earlier wars and after the late war; the other is the close resemblance in the course of the curve during the two intervening periods. The three wars mark the beginning and end of two complete major economic cycles. Each cycle consists of a long phase of declining prices following a great war, and of a shorter phase of rising prices which ends in each instance with a rocketing of prices during another war period. It is an interesting circumstance, moreover, that the two cycles are of approximately equal length.

Major Cycles Wholesale Prices 1810-1920



Construction of the Index

The figures on which the diagram is based are shown in the accompanying table. They constitute a continuous index number for wholesale prices, which has been constructed by fitting together, on as nearly a comparable basis as possible, four independent and overlapping records of wholesale prices.

The index number is sufficiently sensitive not only to reflect the general characteristics of the movement over this long period, but to indicate the most important minor fluctuations in the price movement as well. For example, the effects of the succession of financial panics in 1819, 1837, 1857, 1873, 1893 and 1907 are to be seen in sharp downward movements of varying duration, in most cases following a rise in the curve. The inflation of currency due to the Jacksonian financial policies in the middle '30s is indicated by the sharp rise in the price line prior to the panic of 1837. The Mexican War appears to be marked by a minor peak in the line in 1847, though according to some economists this war had no material effect on economic conditions, and the behavior of the line at this point is to be explained entirely by tariff changes. The effect of California gold is shown by the bulge in the line preceding the panic of 1857, and Klondike gold is one factor underlying the rise beginning in the late '90s.

The important utility of the curve, however, is in its demonstration of general correspondence between the two long price cycles. The War of 1812 was a late issue of the Napoleonic wars. These wars, and the general inflation they caused abroad, affected price conditions before the United States engaged in war. The inflation at this time was increased by the discontinuance of the first Bank of the United States in 1811 and the subsequent issue of unsound currency by State banks, but the fact that the peak of prices corresponds closely with the end of the war indicates that the war was the main cause of high prices.

Deflation after this war was rapid for six years. It continued, however, for twenty-nine years, and the turn in the trend of prices did not come then. But as commodities were exchanged almost entirely for currency, currency prices are to be preferred to gold prices in comparing this price level with that resulting from other wars.

The Cycle Repeats

The price cycle which begins with the decline after the Civil War repeats in general the earlier experience. There was rapid decline to until 1843. Then for eighteen years, to the beginning of the Civil War, the general movement of prices was upward. The Civil War, by increasing demand for goods, decreasing production and enormously inflating the currency in circulation, brought about the violent rise, which, as measured by these figures, amounted to 130 per cent. The years from 1862 to 1878 comprise the "Greenback Period," during which no specie was paid by the Government, and gold was at a variable premium. If prices are measured in gold over this period a much less marked rise is shown, and the peak of prices is deferred to 1879, followed by continued downward movement to 1897. The duration in the down trend in this case was thirty-two years, as compared with twenty-nine years before. Then prices turned abruptly upward and rose steadily until the recent war. Again, the combination of increased demand, decreased production and inflated currency shot prices up to a level which happens to have been remarkably similar to that reached twice before. The wholesale price level in 1914 was much the same as that before the Civil War, and the rise from 1914 to 1920 was 144 per cent., as compared with 130 per cent. before. In the recent period there has been no question of the solvency of the Federal Government, and currency has remained on a gold basis, but in point of its value in exchange for commodities currency has been similarly inflated. The difference between the two situations is important, but it relates less to the amount of inflation than to the possibility of regulating the process of deflation.

The diagram showing the course of wholesale prices over the two complete and similar cycles emphasizes the fact that the normal reaction to extreme war inflation is rapid partial deflation, followed by long-continued, slower decline in prices. In both the previous instances these declines were marked by frequent, and in some cases long, periods of business depression. Without greater control of monetary and trade conditions than was exercised in the previous instances a repetition of the price movements which followed 1814 and 1864 might be expected now. But the present strong financial position of the Government, in sharp contrast to the condition after the two earlier wars, affords ground for the optimism which is being expressed concerning the business outlook. The effective control of the monetary system which the Government now possesses lies behind the belief that deflation and price decline can be so regulated as to avert repetition of the long phase of falling prices.

Index Numbers Wholesale Prices 1810-1920

1810	173	1840	103	1870	148	1900	83
1811	168	1841	99	1871	137	1901	81
1812	170	1842	88	1872	142	1902	84
1813	198	1843	84	1873	141	1903	85
1814	247	1844	88	1874	134	1904	84
1815	194	1845	93	1875	126	1905	87
1816	165	1846	95	1876	117	1906	92
1817	167	1847	100	1877	114	1907	97
1818	163	1848	87	1878	103	1908	92
1819	141	1849	89	1879	99	1909	95
1820	123	1850	95	1880	110	1910	99
1821	118	1851	97	1881	107	1911	96
1822	121	1852	98	1882	109	1912	100
1823	115	1853	109	1883	103	1913	101
1824	114	1854	118	1884	93	1914	100
1825	115	1855	121	1885	87	1915	101
1826	113	1856	119	1886	85	1916	124
1827	111	1857	125	1887	85	1917	176
1828	108	1858	105	1888	88	1918	196
1829	107	1859	107	1889	85	1919	212
1830	103	1860	105	1890	84	1920	244
1831	107	1861	103	1891	84		
1832	108	1862	122	1892	79		
1833	107	1863	168	1893	79		
1834	104	1864	237	1894	72		
1835	111	1865	218	1895	70		
1836	125	1866	194	1896	67		
1837	120	1867	174	1897	67		
1838	116	1868	170	1898	69		
1839	121	1869	166	1899	76		

CURRENT OPINION

MERCHANT ADVENTURERS

New York Times

An English commercial agent recently returned from Finland with the story of an order which he was unable to accept. It was for $500,000 worth of shoes. But payment? There was the rub. They offered him in exchange for shoes not money but timber. But as he was not able to place anything like an exact value on the timber, or decide how much it would fetch in the English market, he had reluctantly to decline the business.

His experience, with others like it, prompted a London financial writer to suggest the revival of an old institution—the Merchant Adventurers. It flourished before the days of foreign exchange and might be utiized at present when the demoralization of foreign exchange has restored the basis of barter. The plan would be to have what amount to commercial clearing houses in various ports and marts. Their purpose would be not to set off checks and drafts and bills of exchange against each other, but expertly to estimate the value of goods against goods. The foreign shipper might obtain for his manufactured articles an amount of raw materials which he could have certified as meaning a seasonable profit to him on the transaction. This would be a rough instrument of commerce, compared with a precise measure by normal foreign exchange, but it might serve, pending restoration of the world's finances. A cart is a poor thing by comparison with a locomotive, but if the locomotive has broken down you can get on, even if slowly, in a cart.

TOTTERING GOVERNMENT RAILROADS

"Wall Street Journal."

It has been the happy lot of one of the Canadian papers, while hopefully advocating government railway operation, to group and propound the most formidable objections to it. The occasion was the recent annual statement of the privately-owned and managed Canadian Pacific. The necessity was to confess and avoid its consequences.

Canadian Pacific was constructed when labor and material were cheap. Lines built in later years did not have these singular advantages. The admission itself concedes little. The 1880-1883 level of prices was not greatly different from that of 1887-1901. Insofar as it varied from the later level, or from that of 1909-1913, its economic difficulties were similar, except only where they were greater.

Labor was cheaper, material was cheaper, but both were equally if not more difficult to finance. The West was a wilderness of raw material in the form of land. No pioneer transport system had quickened its wealth. invited competition and afforded physical facilities for new roads. The East had a small commercial and manufacturing interest, bravely and no more than adequately weathering its own adversities. Labor and material were as hard to buy then as now—indeed harder.

Outside of some museum or park exhibit of an engine, is there left anywhere a rail, angle-bar, sleeper, car or part of car or of an engine, now in use in the form of 35 years ago? Perhaps no corporation ever organized has more carefully maintained or so economically administered its wear and tear equipment down to the smallest bolt or part.

Since the Government venture, the most costly, most imposingly extravagant of the transcontinentals was thrown across the head waters of the Great Lakes—a matter of ten years ago—Canadian Pacific has had to replace its mileage, its equipment, its transport facilities virtually throughout. It has had to replace it in markets under enormous price inflation.

There remains revenue from its land sales and other investments. The latter were the direct product of private ownership. Precisely such "valuable extraneous revenues" might eventually have accrued to the Canadian Northern conservatively developed. But not now. No democracy has ever existed which could forget a Government surplus, or keep hands off it.

It is the thorough account taken of just these facts which has broken down the theory of Government railroad ownership and operation even in darkest Russia.

Take Advantage of the Present Excellent Interest Rates

The payment of between $30,000,000 and $40,000,000 in interest and dividends in May adds an extraordinary item to the accumulating funds in Canada. The extent of funds now available is indicated to a large degree by record-breaking deposits of Canadian Banks amounting to $1,880,000,000. Such an accumulation of funds clearly foreshadows lower interest rates. Lower rates are inevitable here as in Great Britain and the United States where rates have already been appreciably lowered. Undoubtedly we can as certainly look for gradually decreasing interest rates from investments.

We strongly recommend that those with available funds take advantage of the excellent rates now prevailing.

List of Government, Provincial and Municipal Bonds on request

A. E. AMES & CO.

Investment Securities — Established 1889

UNION BANK BLDG. - TORONTO
TRANSPORTATION BLDG. - MONTREAL
74 BROADWAY - NEW YORK
BELMONT HOUSE - VICTORIA, B.C.
HARRIS TRUST BLDG. - CHICAGO

INVESTORS' INQUIRIES

Information under this head is given in answer to direct requests from investors who are readers of THE FINANCIAL POST. Only questions respecting securities are answered by mail direct. We would remind correspondents that it is now necessary to enclose 3 cents in postage stamps to cover postage on answers direct.

MACKENZIE OIL

F. F. W., Toronto.—I have seen Mackenzie River Oil, advertised in your paper. Will you kindly give me your opinion of this company. I understand they have a strong directorate, financially responsible, have a geologist of much northern experience, an experienced drilling crew and are going in for big development.

We have conducted careful enquiries regarding the Mackenzie River Oil Company, Ltd., and have reasonably satisfied ourselves on the points you have mentioned. You must remember, of course, that any proposition to drill for oil is a speculation and should be entered into only as such. Our endeavor is to guard the investing public from putting their money into propositions where it will not be used for legitimate purposes, but will rather find its way into the pockets of land speculators and promoters. The Mackenzie River people have, we believe, a fair proposition in that, having secured property in a district which promises successful development, the public are being asked to put up capital for drilling purposes as against the properties owned by the promoters.

NON-CANCELLABLE INSURANCE

Reader, Cornwall.—Would you kindly advise me if there are any other companies with the exception of the Continental Casualty Company, licensed to do business in Canada, issuing non-cancellable accident and health insurance. I understand that there are now several companies writing this form of insurance in the United States and would like to get the names of any companies doing so in Canada.

Our inquiries among insurance men and insurance brokers in Toronto lead to the conclusion that the Continental Casualty Co. is the only company writing non-cancellable accident and health insurance in Canada. We understand that a number of other companies have considered the matter but so far have not attempted writing this form of contract.

AUSTIN NEVADA MINING

Reader, Parham.—Would you be kind enough to inform us what we could dispose of 100 shares of Austin Nevada Consolidated Mining Company capital stock for, if at all.

There does not appear to be any market locally for the stock of Austin Nevada Consolidated Mining Co. and we would advise you to communicate with the president of the company, H. G. Richardson, of Austin, Nevada, who would no doubt advise you as to the best method of disposing of your stock. Latest reports indicate that the company has pursued an extensive development campaign with a fair showing of gold and silver.

ZENITH COMPANIES

D. J. W., Quebec.—Will you kindly give me some information regarding the Zenith Companies Inc., who are holding company for a number of insurance companies. I would like to know their financial standing, field of operations, premium income of the operating companies, and have they declared any dividend since organization?

The Zenith Companies, Inc., is a holding company, controlling the Merchant Casualty Co., the Union Fire & Casualty Co., both with head offices in Winnipeg, Man., and the Merchants Life & Casualty Co. with head office in Minneapolis, Minn. The Canadian companies do business in every province and the Merchants Life operates in eighteen states on the other side. According to the annual statement covering the operations of the subsidiaries for the year 1920, each company shows a gain in premium income, the Union Fire from $198,621 in 1919 to $304,762 in 1920; the Merchants Casualty from $465,820 to $495,909, and the Merchants Life from $204,184 to $281,246. We are informed by the fiscal agents of the company in Toronto that dividends at the rate of 6 per cent. were paid on the company's stock for 1918, 10 per cent. for 1919 and 10 per cent. for 1920. The company has been building up along conservative ilnes, and with capable management there should be a splendid field of opportunity in Canada. Until the company has passed the development stage, however, and has become established upon thoroughly stable lines we can only regard the stock as speculative, and would scarcely advise any prospective investor to whom safety of principal is essential to consider the purchase of the stock.

KOOHINOOR GOLD MINES

R. L., Montreal.—A client who holds some shares in the Koohinoor Gold Mines, Ltd., asks for information regarding the company which was incorporated under the laws of Ontario in 1913 or 1914.

Comparatively little is known of the Koohinoor Gold Mines, Ltd., in brokerage circles in Toronto. Our inquiries lead to the conclusion that the company, while still in existence, is inactive. The Government records indicate that this company obtained its charter on August 7, 1913. It was capitalized at $2,000,000, divided into 2,000,000 shares of $1 each. A comparatively small block of the stock was sold, we are informed, practically all in the province of Quebec. The board of directors at the time of organization are the following: Raymond Sohier, mining engineer, president; Emile Desy, broker, vice-president; W. Methot, merchant; J. O. Bessette, merchant; J. A. Gagnon, agent; J. Gilmore, accountant, and R. T. Mullin, barrister, directors, all of the city of Montreal. The last report was filed toward the close of 1913.

ARGENTINE LOAN

Enquirer, Victoria.—Stock being sold in this district under the name of the Argentine Internal Gold Loan of 1909 is being advertised quite freely. Do you consider this loan a safe investment?

In referring to an investment list of London stock exchange we find that the Argentine 1909 Loan is listed, and on February 24, the latest quotation available, this security was selling at 84-7 to yield approximately 5.17 per cent. While there is fundamental strength behind these securities there is the other consideration, too, that you can secure bonds of the Canadian Government to yield even a better rate than that quoted. We must not overlook the fact that when exchange is considered the rate will be advanced in some degree, but we do not see that this offsets the attraction of the Victory bonds, for which there is always a ready market.

ONTARIO EQUITABLE

Enquirer, North Gower.—Will you please advise me as to the strength of the Ontario Equitable Life and Accident Insurance Company. Would you consider it a safe investment buying a policy in that company?

Although the younger of the life insurance companies operating in Canada the Ontario Equitable Life has had a very satisfactory record so far, not only in stock selling but in the insurance field as well. The company is, we believe, in the hands of capable management, and we feel that you can safely place insuranec with it.

L. R. STEEL.

H. B. W., British Columbia.—We have recently had several enquiries in regard to the L. R. Steel Service Corporation. Would you consider it wise for a person to take money out of a gilt-edge investment paying 5 per cent. to invest in the above corporation, who promise 8 per cent. on monies invested.

We believe that it would be unwise for you to take money out of an investment offering gilt-edged security for the purchase of stock of the L. R. Steel Co., unless you desire to take chances. There may be some merit in the stock of this company, but at the present we regard it as too highly speculative to offer any particular atraction. The company makes elaborate claims of profits, but so far as the Canadian stores are concerned no opportunity has as yet been given of testing the accuracy of these statements. The company has introduced an original plan of stock selling, which involves a house to house canvas. The method is undoubtedly expensive and the fact, too, that the selling campaign has been seemingly unduly prolonged is creating a doubtful impression.

DOVER OIL

Subscriber, Sault Ste. Marie. — We would like if you could find out for us if there is such a thing as the Dover Oil Company and if it would be a safe investment.

The Dover Oil Co., Ltd., was organized under the laws of Ontario a little more than a year ago for the purpose of working some prospective oil bearing lands, approximately 550 acres, located in the county of Kent. Since the company was organized the financial market has not been in very good condition, with the result that the company has been handicapped in its operations through lack of revenue. Within the past few days, however, the secretary has sent out to shareholders information concerning recent negotiations which should be to the advantage of the company and the shareholders. He declares that amalgamation with the Bothwell Co., a company which has shipped over $2,000 worth of oil monthly for the past fourteen months, has been practically completed. Further, an agreement has been entered with a British syndicate to put into the company treasury £50,000, or the equivalent in Canadian funds. A representative of the British syndicate, it is understood, is sailing to Canada to carry out the terms of the agreement. The company has recently brought in new management. The properties are situated in the midst of an oil producing territory, and there is reasonable assurance that when proper development is undertaken there should be a moderate return at least. There is, of course, a good deal of uncertainty here, which places the stock of the company in the highly speculative class, but the security undoubtedly offers more attraction than the average oil stock proposition.

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Germany Pursues Campaign of Hate Against Britain

Von Tirpitz Pens Insidious German Propaganda for Consumption by Americans—A Break With Japan Openly Talked of

Although German arms have been crushed, German hatred for Great Britain is still rampant, and through the medium of the pens of her statesmen Germany is still chanting the sentiments of the "Hymn of Hate," popularized in German lines during the recent world combat. She is more discreet in her utterances, but the prime motive of her subtleties is but ill concealed.

Alfred Von Tirpitz, former admiral of the German navy, the exponent of relentless submarine warfare upon the vessels of all nations, whether hostile or neutral, against which there was the faintest suspicion of allied sympathies, has also joined the ranks of the inksters. A bit of propaganda distributed largely in the United States, under his name, for the evident purpose of prejudicing American sentiment against Great Britain, has come to light. In this article which has been prepared for publication in various newspapers throughout the country Von Tirpitz takes the opportunity to warn the United States against England in "America's coming conflict with Japan." He openly discusses the probability of an open break between England and the United States, and pens a gloomy picture of trade competition, antagonism and even war itself. As a result of the world war, he points out, the United States has become the greatest competitor of Great Britain, and will have to bear the consequences inevitably arising from this conflict. Should the conflict between the United States and England, he asks, become more pronounced at some future time, America will recall the days when the Alabama was fitted out in England, and when Great Britain was distinctly unfriendly toward the Union.

That he is not speaking as a wholly disinterested party for the welfare of the United States, but rather that he is seeking to knit up the broken bonds between the American republic and Germany becomes more and more apparent as the article proceeds. Now that Germany has been crushed, he declares, the United States stands alone in world politics, without friendship of any consequence, and it must rely upon itself. For the present England is chiefly interested in a rigorous trade competition with the United States. Speaking of possible conflict between the United States and Japan, he presents a sinister view of the attitude of England on this question. In the background of such a conflict, he adds, the growing opposition between England and America always looms. In a certain sense, he declares, although under different conditions, the United States is now in the same position occupied by Germany before the war. Added to this is the fact that England has achieved undeniable supremacy over Europe and that her domination extends further over entire Africa, India, Mesopotamia and that she has in her hands the key positions to the Mediterranean.

An Appeal for Sympathy

In the following statement he steps from behind the filmy covering of disinterestedness with which he cloaks his phrases to reveal his feelings and prime motive for the appeal for the sympathy of America. He says:

England in consideration of her opposition to America will make adequate preparations, camouflaging such, of course, with the most "sincere and honest-to-goodness" John Bull face and the most beautiful humanitarian phrases. It cannot be disputed that England is today allied with Japan, while still remaining friendly towards America. When the break comes between the United States and Japan, England will play the part of the mediator, proclaiming to be anxious to preserve peace and effect conciliation. Should developments compel England to take part, or should there arise the danger that one of the two combatants should win too much and become too powerful, England will throw her lot with that side from which she can expect the greatest gain. Many people will say that England cannot afford to be antagonistic towards the United States because of Canada. But those people forget that Canada is a growing and already a very independent state, and would also have a word to say, and furthermore England has perhaps much more to lose in the far east —including Australia and India than in Canada.

Such propaganda will appear as ludricrous to the average Britisher as it no doubt did to Von Tirpitz himself. But reaching the great mass of the citizens of the republic to the south it cannot but have some unfavorable influence. The German methods on the whole have been too widely advertised during the war and public sentiment will undoubtedly ascribe the proper motives to this reclamation of Von Tirpitz, a barefaced attempt to turn American sentiment from Great Britain and its influence for that reason will be largely overcome.

POLITICAL WILD OATS.

The Independent

Do not be alarmed if your son taps his chest and proclaims to the listening world "I'm a Bolshevist." Or, rather, be alarmed lest he become unduly conservative at sixty. To make a vigorous and effective Tory, catch a young man and cram him with revolutionary principles; then turn him loose on the world when his system begins to set up an internal reaction against this sort of diet. Suppose that you had told a Frenchman of a generation ago that France would be ruled by Clemenceau, Millerand and Briand just after the Great War. He would have said: "Oh, dear, another Paris Commune! That atheist and revolutionary firebrand Clemenceau; that ardent party Socialist Millerand; that anarchistic young rebel Briand! Surely the guillotine will be again at work and the pikes drink deep of the blood of the bourgeoise!" Suppose, to cross the Channel, that Disraeli had become Prime Minister in his Chartist days, when he was hardly admitted to respectable society; or Chamberlain when he was a Republican from the radical town of Birmingham; or Lloyd George when he was all for stripping the nobility of their land and aristocratic young ladies were hoping out loud that someone would assassinate "that little Welsh demagog!"

SHAUGHNESSY'S SUGGESTION

The Regina "Leader."

With the proper solution of the railway problem in Canada is tied up the whole problem of the development, welfare and future prosperity of the country. It is the most momentous problem facing the Canadian people to-day, and any concrete suggestion for its solution should be carefully examined before it is discarded. The benefits anticipated by Baron Shaughnessy from the adoption of his suggestions should be sufficient to command the attention of a Government that ought to be quite willing to be rid of the responsibility for further railway deficits.

The importance of an early solution of the problem is so great that both the Government and people of Canada can afford to approach it with their minds divested of political partizanship and of the animosities that may have been created by comparative railway discussions in the past and to assess the value of any plan on the strength of its inherent merits. The proper management of the railways of the country is not only of first importance to Canada as a whole; it is of vital importance to many of the Provinces severally. This is eminently so in the case of Saskatchewan and other Western Provinces, which are absolutely dependent upon the railways in marketing their grain and other agricultural products; and also in the case of those Provinces which have proprietary interests in various lines acquired through guaranteeing their bonds.

As a consequence of this fact the "Leader" submits that any decision by the Government of Canada in respect of the important suggestions made by Baron Shaughnessy should be made only after it has had the benefit of the advice of an interprovincial conference called for the purpose of discussing the memorandum.

NO TIME FOR REVENGE

Forbes' Magazine

In responsible financial and industrial circles deep gratification is felt over the Railway Labor Board's abrogation of the national agreements wrung from the roads while they were in the hands of Mr. McAdoo. Public sentiment clearly has turned against arbitrary demands of labor. Professional labor leaders are more full of fight than are their followers. This was demonstrated afresh in Britain, when at the eleventh hour the great majority of workers whose leaders had proclaimed that a strike would be called, refused to throw down their tools. The whole movement is entirely logical. Perhaps, however, one word of warning should be added for the benefit of those employers who are itching to "get square with labor." This is no time for anything savoring of revenge, but for broad-gauge considerate action. Remember, conditions will again arise when there will be more jobs than workers.

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NEWS OF THE BOND MARKET

PLAN SETTLEMENT OF MELVILLE ARREARS

Bondholders Impose Conditions on Town in New Agreement

Bondholders of the town of Melville, Sask., in an effort to recover interest past due and to safeguard the principal of the bonds in their possessions are submitting a draft of a proposed agreement to the town council which outlines a mode of procedure for the production of revenue for these purposes. The proposed agreement, which is subject to change by the town council, makes provision for the issuance of debentures on or before the first day of July next, and a further issue between the first day of July and December 31 in an amount sufficient to cover the principal, interest in arrears with interest on such arrears falling due within these periods. It is required that the debentures shall be severally issued and dated as of the date on which the instalments of principal and interest severally become due, shall bear interest at the rate of 6 per cent., payable in fifteen equal annual instalments. The debentures of the town to be issued from time to time pursuant to this agreement shall be exchanged for and accepted in full satisfaction of the unpaid debentures and coupons maturing on or before December 31, 1921.

This exchange is conditional upon the town carrying out a number of terms and conditions. Among others it is stipulated that the town will impose and levy in the year, 1921, a tax rate of at least 55 mills. Subsequent to the present year it is required that the town impose and levy a tax sufficient to provide funds necessary to pay all debts of the town, whether for operation, running expenses, principal and interest, falling due within the year. All moneys collected from taxes imposed after January 1, 1922, in respect of debenture principal, interest or sinking fund, shall not be used for any purpose other than the payment of the principal sinking fund or interest on the town's debentures.

EDMONTON UTILITIES

First Quarter's Operations Result in Larger Surplus

According to statistics supplied by C. J. Yorath, city commissioner for the city of Edmonton, the operations of the city's public utilities were conducted with greater success for the first quarter of the present year, in comparison with the corresponding period of the previous year. The net surplus or the amount to be applied to taxes against the public utilities amounted to $84,240, as compared with a surplus of $28,019 for the first quarter of 1920. For the last quarter the street railway only operated at a loss, the deficit amounting to $12,386 against a deficit of $17,377 last year. During the month of March all utilities made a surplus, totalling $25,752, compared with a deficit of $1,209 for March, 1920. The surplus for the present year has been made after allowing for all fixed charges, including interest, sinking fund and depreciation.

WOULD LONGER SINKING FUND IMPAIR CREDIT?

A Question for Municipal Debate in Halifax

TO EXTEND PERIOD

Proposal to Change From Ten to Thirty-three Years is Finding Considerable Criticism in Eastern City.

From Our Own Correspondent.

HALIFAX.—A movement is on foot in the city council of Halifax to change the sinking fund system on capital recently borrowed by the city. It was mostly secured on ten-year periods and a sinking fund was created to extinguish it at the end of that time. Now this is found burdensome and in the desire to reduce the taxation rate efforts are being made to change the sinking fund to a thirty-three-year basis. At the end of the ten-year period the present loan would be paid off and new loans effected to make out a term of twenty-three years more or thirty-three in all.

What is asked is permission from the legislature to make the present ten-year sinking funds thirty-three years, thus lessening the annual rate on that account and making a distinct difference in the amount to be levied on the taxpayers for this purpose annually. The proposal had its advocates and opponents at a hearing given by the committee of the legislature. Opponents claimed that it would injure the credit of the city. It will be some days before the intention of the legislature in the matter becomes known, but it will be somewhat strange if the legislature gives permission to so drastic an act.

Mayor Parker recently gave out a statement in which he dwelt on the necessity, after this year's work is done, of calling a halt in capital expenditures. More than a million dollars are required for this year to complete work mapped out under the plan adopted two or three years ago. He showed that in the past two years Ald. Whitman, chairman of the finance committee, had been under the necessity of raising about two and a half millions of dollars for civic work and that he had found this no easy task. There will be a million dollars more this year. For sewer construction, the mayor said, there had been spent in Halifax in two years the sum of $530,750; for water extensions and repairs in the same period, $317,197; for street pavement, $904,848; for sidewalks, $49,772; total, $2,584,148. The mayor added that in 1919 Halifax had spent $6,000,000 in building construction and in 1920 $4,000,000.

The tax rate has not yet been struck in Halifax but it is not unlikely to be much under 3½ per cent.

ST. BONIFACE BONDS SOLD

The city council of St. Boniface, Man., has disposed of a bond issue of $283,000 to the Municipal Debenture Corporation, of Montreal. The bonds, which mature in ten, fifteen and thirty years, bear interest at 6 per cent. An earlier call for tenders on this issue drew no response from the bond dealers, it being generally concluded that the present market was not particularly favorable for the sale of an issue of this kind.

DETROIT EXCHANGE, 30%

Detroit banks discount Canadian money at the rate of around 12 per cent. at the present time. It seems a big slice to be taken off Canadian funds through the working of the exchange rate but it is not the record. In the "Account Book of the Huron Mission at Detroit," kept 175 years ago by Father Pierre Potiers and now published by the Ontario Archivist, is this entry:

"Catin, Nicholas, has been given a draft payable in Montreal for 412 livres on account of which he will receive 350 livres. At the rate of 30 per cent. discount I shall owe him 43 livres, payable in May, 1750."

The balance trade was very much against Canada, when drafts were discounted at 30 per cent.

ONTARIO BONDS SOLD ON 6.21% COST BASIS

Province Rejects Higher Bid On Treasury Bill Option

The province of Ontario's bond issue, amounting to $5,000,000, commanded an excellent price in the financial market this week, and was sold after lively competition to a syndicate composed of Wood, Gundy & Co., A. E. Ames & Co., Dominion Securities Corporation and A. Jarvis & Co. The bonds, which are issued for a period of fifteen years, to bear interest at 6 per cent., were sold at 97.94 or on a cost basis of about 6.21 per cent. to the province. The price may be regarded as very satisfactory in view of the unsettled condition of the market and in the fact, too, that the province earlier this year disposed of a twenty-year issue on a 6.28 per cent. basis.

Optional bids on this issue were allowed for the fifteen-year period, or a six months' treasury bill option, and there is little doubt but that the Hon. Peter Smith, Provincial Treasurer, acted wisely in accepting the bid for the fifteen-year bond option. With short-term obligations maturing in the fall, the issuance of long-term bonds for a period of years will overcome the necessity of too frequent demands upon the markets, with the accompanying unsteadying of prices. Bidding was keen for the long-term as well as upon the short-term option. In the former cases only .13 point separated the first and second tenders.

Ontario bonds have always found a receptive market, and it is felt that this issue will have a favorable effect upon the markets generally, imparting a degree of stability and forming a basis upon which to gauge bids upon other issues, whether government or municipal.

Tenders for the issue were as follows:

	15-year. bonds.	6 mos. Treas. bills.
Wood, Gundy & Co., A. E. Ames & Co., Dominion Securities Corp., A. Jarvis & Co.	97.94	99.68
W. A. Mackenzie & Co., R. C. Matthews & Co., R. A. Daly & Co.	97.81	.....
C. H. Burgess & Co., Canadian Debenture Corp., McLeod, Young, Weir & Co.	97.54	99.640
Canada Bond Corporation	97.47	.....
National City Co., Harris, Forbes & Co., United Financial Corp.	97.21	.....
Edward Cronyn & Co., Bank of Commerce, Imperial Bank, Dominion Bank, Brent, Noxon & Co.	.....	99.645

BRAMPTON'S TAX RATE

Brampton's assessment is greater this year than ever before. Last year's tax rate was 42 mills. It is estimated that, at the most, the rate this year will be 35 mills and may be kept down to 32.

WINNIPEG WATERWAY BONDS AWARDED

To Dominion Securities Corp. On 30-Year Canadian Payment Bid

The $1,500,000 bond issue of the Greater Winnipeg Water District was awarded to the Dominion Securities Corporation on their bid on the thirty-year option, Canadian bonds, at 94.16. The money which is being raised to repay a short term loan maturing in New York on July 1 will cost the corporation about 6.44 per cent. A number of options were allowed in the bidding as follows: 10, 20 or 30 year Canadian payment; 5 or 10 years American payment, or 5 and 10 years American bonds, New York payment. The bonds bear interest at 6 per cent. The following are the bids:

30-yr. Canadian Bonds.	
Dominion Securities	94.16
Wood, Gundy & Co.	93.88
W. A. McKenzie & Co., R. A. Daly & Co., R. C. Matthews & Co.	92.71
20-yr. Canadian Bonds	
Dominion Securities	94.61
Wood, Gundy & Co.	93.84
W. A. McKenzie & Co., R. A. Daly & Co., R. C. Matthews & Co.	93.17
10-yr. Canadian Bonds	
Dominion Securities	95.50
Wood, Gundy & Co.	94.39
5-yr. American Bonds—Winnipeg Funds	
Wood, Gundy & Co.	99.91
A. E. Ames & Co., Halsey, Stuart & Co., Minnesota Loan	98.856
10-yr. American Bonds—Winnipeg Funds	
Wood, Gundy & Co.	97.71
A. E. Ames & Co., Halsey, Stuart & Co., Minnesota Loan	95.9928
W. A. McKenzie & Co., R. A. Daly & Co., R. C. Matthews & Co.	95.21
5-yr. American Bonds—N.Y. Payment	
Wood, Gundy & Co.	89.81
National City Co., C. H. Rollins & Sons	89.179
A. E. Ames & Co., Halsey, Stuart & Co., Minnesota Loan	89.06
Dominion Securities Corp.	80.10
10-yr. American Bonds—N.Y. Payment.	
Wood, Gundy & Co.	87.83
Dominion Securities Corp.	86.81
National City Co., C. H. Rollins & Sons	86.579
A. E. Ames & Co., Halsey, Stuart & Co., Minnesota Loan	86.48

OSHAWA BOND ISSUE

An issue for $190,257 has been sold by the town of Oshawa to the financial firm of McLeod, Weir, Young & Co. on a basis of 6.60 per cent. The bonds are repayable in fifteen and twenty-year instalments and bear interest at 6 per cent. The money is to be used for local improvements. The following are the bids:

McLeod, Weir, Young & Co.	95.90
R. C. Matthews & Co.	95.80
C. H. Burgess & Co.	95.77
United Financial Corp.	95.63
Wood, Gundy & Co.	95.17
National City Co.	94.77
A. E. Ames & Co.	93.133

YORK TOWNSHIP BONDS

Sold to R. C. Matthews & Co. on 6.37 Per Cent. Basis

An issue of township of York bonds, amounting to $24,130, was sold this week to R. C. Matthews & Co. on a basis of 6.37 per cent. The bonds bear interest at the rate of 6 per cent. and are repayable in twenty annual instalments. The money is to be expended for public school purposes. Tenders were received as follows:

R. C. Matthews & Co.	97.06
C. H. Burgess & Co.	96.634
United Financial Corp.	96.362
Wood, Gundy & Co.	96.33
Harris, Forbes & Co.	95.87
A. E. Ames & Co.	95.33
Housser, Wood & Co.	95.317

APRIL BOND SALES

Bonds issued in Canada during the month of April reached the smallest figure for any month of the present year. The total at $9,727,174 compares with $14,838,381 for the previous month, and $39,727,174 for the month of January. Provincial issues with a total of $5,000,000 made up the bulk of April offerings. There was only one large corporation issue, that by the Brompton Pulp and Paper Co., for $2,500,000.

The April issues are as follows:

Municipal	$2,177,174
Provincial	5,000,000
Railway	......
Corporation	2,550,000
April	$ 9,727,174
January	39,401,522
February	17,277,512
March	14,838,381
Year to date	$81,244,589

The principal issues were:

Municipal	
Quebec	$810,000
St. John County	100,000
Carleton County	235,000
Industrial	
Brompton P. & P.	$2,500,000
Provincial	
Alberta	$2,000,000
British Columbia	3,000,000

BOND MOVEMENTS OF THE WEEK

Bonds—	Int. Rate.	Due Year.	Yield.	Range 1921 High.	Range 1921 Low	Latest price week end. May 3. Ask	Bid	High	Low	Sales $
Bell Telephone	5	1925	6.91	93½	91¼	92¾	92	92	..	3,500
Canada Bread	6	1941	7.58	86	83	84	83	83½	..	1,000
Calgary Power	5	1940	8.15	69	69	..	..	69	..	884
Cedar Rapids	5	1953	5.68	89¾	86⅛	90	..	89¾	..	5,000
Cons. Rubber	6	1946	7.02	90	86	..	87	88	..	6,000
Dom. Coal	5	1940	5.86	90	86	..	89	90	..	1,000
Dom. Textile (A)	6	1925	7.72	93	93	..	93	93	..	500
Do., (C)	6	1925	7.72	93½	90	..	93	93	..	1,000
Elect. Develop.	5	1933	5.77	93	92	..	93	93	..	2,000
Montreal May '23	6	1923	4.50	108	103	..	106½	104	..	300
Do., Sept. '23	6	1923	6.43	99¼	97¾	..	..	99	98⅝	7,900
Do., Dec. '22	6	1922	2.40	108	96½	..	107	107	104	800
Ogilvie (C)	6	1932	6.23	98	93	..	99	98	96	4,000
Penmans	5	1926	7.75	87½	85	..	87	87	..	1,500
Quebec Rly	5	1939	8.85	68	59	..	63	63	62	3,700
Rio	5	1935	7.46	79	62	..	77	78	..	1,000
Sao Paulo	5	1929	8.35	82	70	79	77	78	..	2,000
Steel of Can.	6	1940	6.58	95	92	..	93	93½	..	3,100
Wayagamack	6	1951	8.02	87¼	75	..	77	77	76¾	6,100
Winnipeg Elec.	5	1927	8.80	82⅝	82½	81	..	80¾	..	1,000
War Loan (1925)	5	1925	6.18	95¾	92	95	94⅞	95	94⅝	30,100
Do., (1931)	5	1931	5.91	95¼	90¾	93	92⅞	93	92	22,100
Do., (1937)	5	1937	5.27	98½	94½	97	96¾	97	95	68,500
Victory (1922)	5½	1922	6.10	99¼	96⅝	99	98⅞	98⅞	97¼	237,950
Do., (1923	5½	1923	6.15	99	95½	98⅜	98¼	98¾	97⅜	235,650
Do., (1924)	5½	1924	6.40	98½	94¼	..	96⅝	96¾	96	164,260
Do., (1927)	5½	1927	5.81	99⅛	95¼	98⅜	98¼	98⅜	97	142,700
Do., (1933)	5½	1933	5.74	99	95⅛	99	97⅞	98¼	96¼	435,000
Do., (1934)	5½	1934	6.09	96⅛	92¼	95	..	95	93½	565,000
Do., (1937)	5½	1937	5.59	100½	96½	99⅛	99	99	97¾	471,950

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CALGARY, ALTA.

The population of Montreal last year, according to estimates made by the city assessors, was 758,045 people, of whom 475,803 were French-Canadians; 101,271 English; 55,173 Irish; 31,724 Scotch and 94,075 of other nationalities.

CIVIC AND PROVINCIAL FINANCE

SINGLE TAXERS WANT TORONTO TO ADOPT IDEAS

Frown on Forman's Proposal to Increase Building Assessment

TO INSURE REVENUE

Commissioner Argues That Single Tax Principle is Success Only When Real Estate Values Increasing

Single tax enthusiasts have seen the collapse of their theories in Western Canada, and since the war have been devoting their energies and resources to securing an extension of the single tax in modified form in Eastern Canada. In the province of Ontario they have been partially successful and some time ago succeeded in getting through the legislature permissive legislation, giving cities permission to grant partial exemption from taxation in varying degrees on small homes. A situation has arisen in Toronto that indicates that the single taxers will even go so far as to attempt to prevent the enforcement of an equitable system of taxation to attain a small measure of their aim.

The assessment commissioner for the city of Toronto is making a revaluation of the buildings in the city. The purpose of the reassessment is to equalize assessments in different parts of the city in order to distribute the tax burden properly among the citizens according to the value of their properties. And as the last assessment of buildings was made over five years ago many of the new assessments are higher. The net result will be an increase in the valuation of buildings assessable for taxation in Toronto of around $125,000,000. No general revision is necessary of land values because they are revised from year to year.

Thomas Adams' Policy

This revision is referred to by the single tax Toronto Globe as "reactionary" and the paper speaks of the "Forman type of autocracy." The Globe also quotes a letter from Thomas Adams, town planning adviser of the Commissioner of Conservation, in which he advocates making those immediately benefited by local improvements pay a larger share of the cost of same as backing for its theory that improvements should be taxed to a lesser degree than land values.

James C. Forman, Toronto's assessment commissioner, is being commended for resisting so far as is in his power efforts of single taxers to impose their theories on as large and representative a community as the Queen City. Mr. Forman has closely observed civic taxation methods in the United States and Canada for many years and his opinions have been formed after mature consideration of the experience of large and small American and Canadian communities. To be successful any method of municipal taxation must possess the twin virtues of taxing the individual according to his ability to pay and of being equally efficient in times of prosperity and of depression, thinks Mr. Forman. Single tax lacks both these qualities.

GOVERNMENT RAIL BONDS NOT FAVORED

Saskatchewan Board Advises Saskatoon to Invest in Provincial Issue

From Our Own Correspondent.

REGINA.—The Local Government Board does not have a high opinion of Canadian Northern Railway debentures, even though guaranteed by the province of Manitoba. The city of Saskatoon decided to invest sinking fund money in the purchase of $35,000 of these debentures maturing June 30, 1930. The price offered would have meant a yield of 6.65 per cent. The Local Government Board, however, is of the opinion that owing to the existing deficits and the uncertainties as to future policies respecting Canadian National Railways it was "advisable for the city council to invest its money in other securities which at the present time are readily obtainable at high interest yields."

Selection has now been made of province of Saskatchewan 6 per cent. bonds payable in 1936.

FRANCHISE EXPIRING

REGINA.—The franchise of the Great West Natural Gas Corporation to bring natural gas into Regina expires in six months. So far there have been but few signs of activity on the part of the corporation and the city commissioners have been ordered to renew their efforts to get a report from the franchise holders.

TO ABOLISH COMMISSION

It is reported from Winnipeg that the legislature of the province of Manitoba has decided to abolish the Public Utilities Commission. A resolution by P. A. Talbot, La Jerandrye, declaring that the commission had outlived its usefulness and should be dispensed with, its duties to be transferred to the department of the provincial secretary, was carried by a small majority.

Money By-Laws

TENDERS WANTED

May 9, Windsor, R.C.S.—$225,000, 6½ per cent., 30-year Separate School debentures. Damien Gourd, Secretary-Treasurer, 616 Pierre Ave., Winnipeg.

May 23, Saskatoon.—$190,300 6 per cent., 15 and 30-years; $13,700, 5 per cent., 30-years. Andrew Leslie, City Commissioner, Saskatoon. (See announcement on page 16).

May 17, County of Renfrew—$250,000, 6 per cent., 20-year highway improvement debentures. R. J. Roney, County Clerk, Pembroke, Ont. (See announcement on page 16).

May 25, Brooks, Alta.—$37,000, 30-yr., school debentures. E. Harding, Secretary-Treasurer, Brooks, Alta. (See announcement on page 16).

May 9, Grand Mere, Que.—$100,000, 6 per cent., 30-year serial bonds. A. Desilets, Secretary-Treasurer.

May 10, Walkerville.—$60,982, 6 per cent., 10-year; $35,000, 6 per cent. 20-year debentures. A. E. Cock, Clerk, Walkerville.

May 11, Shawinigan Falls, Que.—$138,400, 5½ per cent. debentures. A. J. Meunier, Secretary-Treasurer.

May 16, Peterborough.—$100,000, 6¼ per cent., 20-year debentures; $130,000, 6½ per cent., 20-year debentures for high level bridge.

BY-LAWS PASSED OR DEFEATED

Bolton—$15,000 for village improvements. Passed by the ratepayers by a vote of 79 to 56 on May 3rd.

Goderich.—To guarantee bonds of National Shipbuilding Co. to extent of $50,000. Carried with a vote of 577 to 157 on May 2.

Three Rivers.—$400,000 to pay off certain debts contracted by the city. Passed by the ratepayers on April 28.

Etobicoke Township.—$65,000 for an addition to the school at Long Branch. Passed by the council on May 2.

DEBENTURE NOTES

Brantford.—A by-law authorizing an issue of debentures to the amount of $125,000 for the extension of the Brantford Hydro Electric System has been approved by the Ontario Hydro Commission, and by the City Council, and will go to the Ontario Municipal Board for further ratification.

Oakville.—At a recent meeting the town council decided to call for tenders for a new four-roomed school and a two-roomed addition to the Brantwood School. The cost will be between $60,000 and $75,000.

Toronto—The Board of Control has agreed to recommend granting of the application of the Toronto electric system that debentures be issued to the amount of $750,000 for extensions.

The estimated capital expenditure for the year is $1,500,000, but there is a balance available as at January 1st last of $321,315, and subtracting depreciation reserve of $430,000 to be set aside, the amount required is $748,684.

SASKATCHEWAN

The following is a list of authorizations granted by the Local Government Board from April 16th to April 23rd, 1921:

School Districts—Brandon, $3,500; St. Wendelin, $3,500; Dalrymple, $7,000; Marquette, $13,500; Freshwater, $3,125; Beaver Dam, $4,800; Evesham, $5,000; Clear Creek, $5,000; Rockhaven, $5,500; Arundell, $4,500; Wooler, $1,500.

City—Regina, $38,510.

The following is a list of debentures reported sold from April 16th to April 23rd, 1921:

School Districts — Tilney, No. 3543, $800, 5 yrs., 8 per cent., H. E. Corson, Tilney; Johnson, No. 3261, $3,800, 10 yrs., 8 per cent., Waterman-Waterbury Mfg., Regina, Sask.; Okabena, No. 624, $1,500, 10 yrs., 8 per cent., R. H. Rutherford, Drinkwater; Yorkton, No. 159, $40,000, 20 yrs., 7 per cent., Peaker Bros., Yorkton; Jack Pine, No. 4277, $4,000, 10 yrs., 8 per cent., Nay & James, Regina; Iris, No. 4154, $6,041, 15 yrs., 8 per cent.; Versailles, No. 4155, $5,941, 15 yrs., 8 per cent., C. C. Cross & Co., Regina; Prince, No. 3694, $4,500, 15 yrs., 8 per cent., H. J. Birkett & Co., Toronto.

Rural Telephones—South West, $600, 15 yrs., 8 per cent., H. L. Black, Bradwell, Sask.

DEBENTURE BUYERS TO BE PROTECTED

Saskatchewan Gives Assurances in Connection With Soldier Settlement Schools

From Our Own Correspondent.

REGINA.—Sections of the province settled by war veterans, and hitherto without proper school accommodation, will now be given adequate means of educating the children. Satisfactory arrangements have been completed with the Soldier Settlement Board by which the taxes necessary for the building and operating of schools in districts where soldier settlers predominate will be guaranteed. As a result Hon. George Langley, Minister of Municipal Affairs, has signed an agreement, which will mean the construction of a school house in the Porcupine district. Others will also be built.

The question of building schools in the soldier settlements was held up by the action of the Local Government Board insisting on protection for the debenture owners; the board taking the stand that it could not properly authorize the issue of debentures as the lands being Crown lands and charged with advances to the Soldier Settlement Board might result in some difficulty in the matter of collecting taxes.

MANITOBA MUNICIPALITIES

Toronto Houses Buy Issues of Rockwood and Dufferin

The rural municipalities of Rockwood and Dufferin, of the province of Manitoba, have sold bond issues to Toronto houses during the past week. An issue of $70,000 offered by Rockwood was purchased by R. C. Matthews & Co. at 94.96, or on a basis of 6.48 per cent. The bonds bear interest at 6 per cent. and are for thirty years. The money is being raised for good roads and the bonds are guaranteed by the province. Bids were as follows:

R. C. Matthews & Co.	94.96
Wood, Gundy & Co.	94.83
A. E. Ames & Co.	92.41

Wood, Gundy & Co. submitted the successful tender for the $60,000 issue of the municipality of Dufferin. At the purchase price of 94.21 the bonds were bought on a basis of 6.57 per cent. The issue, which bears interest at the rate of 6 per cent., is repayable in thirty instalments and is also guaranteed by the province. The tenders received were as follows:

Wood, Gundy & Co.	94.21
Edward Brown & Co.	94.08
Bond & Debenture Corp.	93.60

BROCKVILLE AND BELLEVILLE

Harris, Forbes & Co. Submits Successful Tender in Each Case

The bond offerings of two eastern Ontario cities, Belleville and Brockville, attracted a long list of tenders, and in each case the highest and successful bid was submitted by Harris, Forbes & Co. The Belleville issue was for $210,000 twenty-year straight term 6 per cent. bonds, and at the sale price of 96.719 the city secures its money on a 6.29 per cent. basis. Brockville sold $30,000 ten-year 6 per cent. bonds on a basis of 6.51 per cent. The tenders on the Belleville issue were as follows:

Harris, Forbes & Co.	96.719
A. E. Jarvis & Co.	96.50
Wood, Gundy & Co.	96.21
C. H. Burgess & Co.	96.07
McLeod, Young, Weir & Co.	95.81
Dyment, Anderson & Co.	95.68
MacNeill, Graham & Co.	95.37
W. A. MacKenzie & Co.	95.35
Brent, Noxon & Co.	95.219
Dominion Securities Corp.	95.17
T. C. G. Peplar	94.813
United Financial Corp.	94.64
National City Co.	94.57
A. E. Ames & Co.	94.53
R. C. Matthews & Co.	94.28

Tenders on the Brockville issue were as follows:

Harris, Forbes & Co.	97.579
A. E. Jarvis & Co.	97.513
Brent, Noxon & Co.	96.863
C. H. Burgess & Co.	96.66
Dyment, Anderson & Co.	96.65
Wood, Gundy & Co.	96.26
Dominion Securities	96.13
United Financial Corp.	96.13
R. C. Matthews & Co.	96.05
A. E. Ames & Co.	95.57

WEEKLY RECORD OF GOVERNMENT AND MUNICIPAL BOND SALES

Date.	Place.	Sold to	Rate.	Term.	Amount.	Price.	Basis
May 4.	Greater Winnipeg Waterways	Dominion Securities Corp.	6%	30-yr.	1,500,000	94.16	6.44
Apr. 30.	York Township	R. C. Matthews & Co.	6%	20-in.	$ 24,130	97.06	6.37
May 2.	Oshawa	McLeod, Weir, Young & Co.	6%	15-20-yr in.	190,257	95.90	6.60
May 2.	Brockville	Harris, Forbes & Co.	6%	10-yr.	30,000	97,579	6.51
May 2.	Bellville	Harris, Forbes & Co.	6%	20-yr.	210,000	96,719	6.29
May 3.	Rockwood	R. C. Matthews & Co.	6%	30-yr.	70,000	94.96	6.48
May 3.	Dufferin	Wood, Gundy & Co.	6%	30-in.	60,000	94.21	6.57
Apr. 29.	St. Boniface	Municipal Debenture Corp.	6%	10-15-30	283,000	....	...
		PROVINCIAL					
May 3.	Ontario.	Wood, Gundy & Co., A. E. Ames & Co., Dominion Securities Corp., A. E. Jarvis & Co.	6%	15-yr.	$5,000,000	97.94	6.21

New Issue

$190,000
Town of Oshawa Ontario
6% Coupon Bonds

Dated May 1, 1921.
Due May 1, 1922-41

Principal and yearly interest payable 1st May at the Office of the Town Treasurer, Oshawa, Ont.

Bonds may be obtained to mature in any year from 1922 to 1941 inclusive, to suit the convenience of the purchaser. They are issued in denominations of $1,000 and smaller odd amounts.

PRICE:
1922-26 Maturities
Rate to Yield 6.40%.
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Orders may be telegraphed or telephoned at our expense

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WINNIPEG'S EXPENDITURES

Winnipeg city council has approved expenditures totalling approximately $1,200,000. This included appropriations for sidewalks, sewers, waterworks extensions, paving and municipal hospital, amounting to $665,000, and $449,284 on general accounts and pay lists.

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Canada's *Zenith* Company
Authorized Capital - $500,000.00
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HEAD OFFICE - TORONTO

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HEAD OFFICE: WINNIPEG, MAN.
A Canadian Company Investing Its Funds in Canada
APPLICATION FOR AGENCIES INVITED
TORONTO: 20 KING ST. W. W. H. George, Superintendent of Agencies

THE MUTUAL OF CANADA DAY BY DAY
During the year 1920 the average payments in benefits of different kinds to beneficiaries and policyholders amounted to $11,500 FOR EVERY WORKING DAY throughout the year, a total of $3,492,830. Every year the payments have increased, the total made since the establishment of the company being over thirty-three millions. The funds in hand to guarantee future payments amount to forty-two millions—so that the company has either paid or holds in trust more than $75,000,000. This total exceeds the premium income by eight millions. These figures show that the Mutual Life of Canada is making good on all contracts entered into in past years. It is not only "making good," it is "making better" for the profits alone actually paid during the years since establishment amount to eight millions of dollars, a record of economy and service of which any life office might justly be proud.
THE MUTUAL LIFE ASSURANCE COMPANY OF CANADA, WATERLOO, ONTARIO
HUME CRONYN, M.P., President - - - CHARLES RUBY, General Manager

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$100 or more invested in a "Canada Permanent" Bond for ONE YEAR will earn interest at FIVE PER CENT. per annum payable half-yearly. A higher rate is paid on longer term investments. Interest begins the day the money is received and the Bond will be made to become due on any date the investor desires.
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The Corporation has been issuing these Bonds for nearly half a century. They are a first charge against its assets, which amount to over $33,000,000.
Canada Permanent Mortgage Corporation
Established 1855
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5½% Interest Return
INVEST YOUR SAVINGS
In a 5½ DEBENTURE of The Great West Permanent Loan Company
SECURITY
Paid-up Capital $2,414,663.00
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INSURANCE AND REAL ESTATE

REDUCE ACCIDENTS BY INSTRUCTION IN SAFETY PRINCIPLES

Records Show That 75% of Accidents Can Be Prevented

COMMUNITY EFFORT

Safety Not Primarily a Problem for Individual Industrial Plants to Solve—Safe-Guarding Machinery

By G. A. KUECHENMEISTER.
From an Address Delivered Before Safety Convention, Toronto.

I believe the one black mark against industry during the past few years is the fact that we all thought we could not enforce safety rules and safeguard our shops because we couldn't get men. Factory inspectors would console us with the information that of course we couldn't be expected to do much safety work—guard building, rule enforcing, etc., because labor was so scarce, and we used every alibi we could lay our hands on, with the result that it cost the industries of Ontario over $7,000,000, and we injured a man every three minutes of every working day of last year.

Scarcity of labor the cause of it? Lack of interest in safety was the cause of it all! Don't blame the workman for a lack of interest in guards, safety appliances and safety rules when we all sit back and admit—tacitly at least—that while we know how to prevent machine smashing that we are helpless in preventing the wrecking of human beings. And this year the excuse is that our shops are practically shut down and we are not busy enough to warrant doing safety work.

I do not believe that we can divide the word safety into classes and say that we are going to do industrial safety, public safety or school safety. Neither do I believe that any group of men can organize into an association and say they will do one class of work to the exclusion of any of the other, and succeed. And I will go a little farther and say that I do not believe you can organize your plant for safety and not do safety work outside of the plant if you hope to interest men in safety.

To the man who has kept up-to-date and has tried out all the safety suggestions, who has interested the manager, superintendent and foreman; who has organized committees and guarded machinery, and who feels that the desired results are still in the distant future, I want to give a significant and far-reaching statement recently made by the National Safety Council. A statement that I believe is the answer to our problem of interesting everybody in safety; the statement that over 75 per cent. of all accidents can be prevented, and that only by community effort can that be accomplished.

When you give serious thought to the last part of that statement a new vision comes to you and you wonder why on earth it wasn't thought of long ago. If you go at the problem of interesting everybody in safety as a community effort you immediately have access to every educational and civic agency in the community. While the word safety cannot be divided into definite classes and be treated as such, you can, however, teach safety through the schools, in the house, by use of law-making and law-enforcing agencies and in the industries, and by doing so you get results.

It seems to be generally agreed that teaching safety to the children in the schools is the logical and proper place to begin. Many a workman who thought he knew how to take care of himself in the shop and refused to believe that he could be taught how to be more careful has been won to the cause by his child coming home from school and talking safety to him.

Certain conclusions may be drawn from the study I have made. They are:

Accidents are not a necessary evil. They can be reduced. This reduction takes place as a result of continuous educational campaigns. This cannot be obtained by spasmodic and unrelated campaigns. The tendency for automobile accidents to increase is proportionate with the increase in automobile registration. The departure from this in 1920 was due to the safety campaign. Increase in population does not appear to bear a very close relationship to the number of accidents. The schools are the logical places to begin this educative program.

Teaching safety in the schools and in the court room will not only stop many of our street tragedies but they will help the safety man in the shop to reduce accidents. If his work is nicely co-ordinated with the work being carried on outside he will quickly see results.

Another conclusion I have come to is that safety is not, primarily, a problem for individual industrial plants to solve. When a man comes to us and asks for a job and says he is a machinist, we know, and he knows, what qualifications he claims to possess. We know he implies that he can start and stop machines, set up jobs, use calipers and read micrometers. When he gets into the shop and is given a job he has never seen before he asks the foreman a few questions, the high points are explained and he turns out the work.

This is true because years ago men organized guilds and developed the apprentice system. They set up standards and before a man was a journeyman he had to qualify. The guilds and apprentice system have almost disappeared but the standards set up by them are still in use. If working safely was part of the old standards, unfortunately it has been lost and so we must find a way to put the fundamentals of safe living and working into the training of the workman.

We must find a way to so thoroughly impress safety upon future workmen that when they come to the plant all they will have to learn are the few special hazards of that plant.

Guarding Machines

And then there is the matter of guarding dangerous machines. The first thing everybody thinks of when you talk about safety in a shop is guarding machinery. The pioneers in the work began with guard building and we must do the same thing. Not only will guards prevent the serious accidents in a plant but they are the only visible part of the safety work.

Guards on ALL machines in a plant will convince workmen that the owners are serious in their efforts to make the shop safe. Guards on only a few machines—the guards that the government inspector has ordered or forced on to machines—are only glaring, hideous, tell-tales of the insincerity of the management.

And why, if workmen are citizens, haven't they the right to demand safe working conditions? They have and the sooner it is recognized the better it will be for all of us.

We are assessed "collectively" for the cost of accidents. Why should we not do "collective" accident prevention? Plant managers must submit, without notice, a statement of the annual payroll. Why not have these same managers submit, with due notice, a statement showing what guarded and unguarded machinery they are operating. The result would surprise us and would certainly tend to create interest in safety in the employee who is paid to manage the plant.

CAR OWNERS' GARAGE

New Venture at London to Become General Project.

From Our Own Correspondent.

LONDON. — Another company which will have its headquarters here and which plans to establish branches all through Western Ontario, is the Car Owners' Garage Company. A site has been secured on York street near Talbot, and tenders are being called for one of the finest garages in the province. Work on the new building will be commenced about the middle of May. In addition the company has secured property at Port Burwell, Port Stanley and Aylmer, where modern garages will be established. It is planned to establish a number of others.

FIRST IN CANADIAN FIELD

The Northwestern Life Assurance Co., of Winnipeg, claims to be the first company in Canada to write life insurance without medical examination. The company reports that during the three years which have elapsed since it commenced to write this class of business its mortality experience on the whole has been very favorable, the losses last year representing 15 per cent. of the expected.

LIFE UNDERWRITERS

The fifteenth annual convention of the Life Underwriters' Association of Canada will be held in the city of Victoria, B.C., on August 17, 18 and 19 next. The programme committee are arranging for practical subjects and a full discussion on all topics. The sessions will be entirely educational in nature and in order that the delegates may receive the maximum benefit a number of group meetings will be held where individual problems will be dealt with.

HEAVY "HULL" LOSSES AROUSE SUSPICION

Marine Underwriters Institute Investigation of So-Called Disasters

Conditions in the marine insurance field continue distinctly "bad," both from the insurance company's and the shipper's point of view. Not only have the companies incurred heavy losses as a result of the unprecedented growth in thefts from goods in transit, but also in the unusual number of losses of vessels through faulty construction and other causes.

A report from London reviews the conditions encountered in the "hull" insurance field. Losses on ships at sea have become so numerous during the past four or five months, it is pointed out, that the marine insurance agencies in London are instituting investigations into the circumstances of these so-called "disasters."

Losses have occurred under unusual and in many cases suspicious circumstances, the insurance men declare, an unusual number within safe reach of land. In underwriting circles it has been a common remark that never have so many lost ships been known, with so little loss of life. The Spanish and the Portuguese coasts and the Mediterranean have been the scenes of the majority of these deathless sinkings. Another curious fact noted by the underwriters is the frequency of the losses of ships and cargoes just three or four days before the expiration of insurance policies on high war-time valuations. These valuations were made when shipping was in great demand for war time or the flourishing post-bellum traffic, and was consequently at the peak of the long sustained high market. With the coming of world trade depression, however, shipping values took a corresponding slump, and the underwriters refused to continue the assumption of risks at artificially high valuations.

It was shortly after the inauguration of this policy, it is pointed out, that the wave of mysterious losses began. In many cases the explanation of the captain of a lost ship has been "sunk by striking a mine," but this explanation is now failing to satisfy the underwriters, who have the Admiralty's assurance that very few live mines are jeopardizing the sea, owing to the zealous sweeping operations recently concluded.

These experiences have been duplicated by a large insurance company in Toronto which deals extensively in marine insurance. In fact so heavy did the losses become that this company, several months ago, decided to discontinue writing "hull" insurance altogether. Of course some policies are still in force and losses in this department are heavy. The company has continued to write insurance on cargoes, and this branch of the business is exposed to the double menace of pilferage and untimely losses of vessels.

INTEREST IN LAND

Increased Demand for Information by the Public

An increased demand by the public for information regarding land settlement is reported by the Department of the Interior at Ottawa. This increased interest is attributed partly to the fact that Crown lands in Western Canada within fifteen miles of a railway, which heretofore have been reserved for returned men, became available for civilian entry on the 1st of May.

Besides Crown lands that may be available, it is estimated that there are about 200,000 quarter-sections of privately owned lands lying idle in the prairie provinces, most of them within easy reach of railways. The same condition applies, though in a lesser degree, to the older provinces of Canada.

HOUSING IN REGINA

Private Enterprise Making Effort to Solve Problem

From Our Own Correspondent.

REGINA—That efforts are being made by private enterprise to solve the housing problem in Regina is evident from the number of permits issued. During April permission was granted for the erection of 37 new houses, the average value being in the neighborhood of $4,500. The total value of the permits issued during the first 20 days of the month amounted to $206,025 as compared with $81,725 for the same period last year. The total number of permits issued this year to date is 175 as compared with 158 for the same period in 1920.

OFFICE BUILDING
$300,000
We offer one of the finest office buildings available in Toronto for sale.
Located on a prominent corner. Building absolutely modern in every respect.
Will yield about 25% on money invested.
Well worthy of your consideration.
Business Property Department.
ROBINS LIMITED
Member Toronto Real Estate Board
KENT BLDG. Adel. 3200

Western Assurance Company
Fire, Marine, Automobile, Explosion, Riots, Civil Commotions and Strikes Insurance.
Incorporated 1851
HEAD OFFICE, TORONTO, ONT.
Assets Over - - - $8,000,000.00
Losses Paid Since Organization - - - $77,000,000.00
BOARD OF DIRECTORS: W. B. Meikle, President; Sir John Aird, Robert Bikerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper (London, Eng.), H. C. Cox, John H. Fulton (New York), D. B. Hanna, E. Hay, John Hoskin, K.C., LL.D., Miller Lash, Geo. A. Morrow, Lt.-Col. the Hon. Frederic Nicholls, Brig.-Gen. Sir Henry Pellatt, C.V.O., E. R. Wood.

British America Assurance Co.
Fire, Marine, Hail and Automobile Insurance
HEAD OFFICE - - TORONTO
BOARD OF DIRECTORS: W. B. Meikle, President and General Manager; Sir John Aird, Robt. Bickerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper (London, Eng.), H. C. Cox, John H. Fulton (New York), D. B. Hanna, E. Hay, John Hoskin, K.C., LL.D., Miller Lash, Geo. A. Morrow, Lt.-Col. the Hon. Frederic Nicholls, Brig.-Gen. Sir Henry Pellatt, C.V.O., E. R. Wood.
Assets over - - $4,300,000.00
Losses Paid Since Organization, over - $47,000,000.00

The Western Empire
Life Assurance Company
Head Office: 701 Somerset Bldg., Winnipeg, Man.
Men of proven ability would do well to write for particulars of the Agency Contract the Company is prepared to offer. Several District Managers required to cover exclusive good territory at a number of Western points.
Branth Offices:
Saskatoon Calgary Vancouver
WILLIAM SMITH
Managing Director

THE NORTH EMPIRE
FIRE INSURANCE CO.
Head Office - WINNIPEG
Toronto Office: 218 Confederation Life Building
J. E. HOUNSOM, *Manager*
Thompson, Dale & Power, Ltd., Toronto
City Representatives
Fess & Smith, Ltd., Winnipeg
Western General Agents
W. Mayne McCombe, Montreal, *General Agent*
(Policies guaranteed by the London Guarantee and Accident Co., Ltd.)

ROYAL BANK OF SCOTLAND
Incorporated by Royal Charter 1727
Paid-up Capital .... £ 2,000,000
Rest and Undivided Profits.. 1,082,276
Deposits 39,114,127
Head Office:
St. Andrew Square, Edinburgh.
Cashier and Gen. Mgr., A. K. Wright.
Secretary, J. B. Adshead.
London Office—3, Bishopsgate, E.C. 2.
Wm. Wallace, Manager.
Glasgow Office—Royal Exchange Square and Buchanan Street.
Thomas Lillie, Agent.
172 Branches throughout Scotland.
Banking business of every description transacted. Deposits received at interest repayable at call or at notice. Drafts, Circular Notes, Letters of Credit and Cable Transfers issues — available throughout the world. Foreign Exchange. Accounts opened and Agency business undertaken for Foreign and Colonial Banks and other financial establishments. Correspondence invited.

Timberland Service
Estimates Maps Graphic Methods
James W. Sewall, Forest Engineer
Old Town, Maine Sanford, Florida
Munsey Building, Washington, D. C.
Largest Cruising House in America

WESTERN HOMES
LIMITED
Confederation Life Building
WINNIPEG - MANITOBA
Capital Authorized - - $5,000,000
Capital Subscribed - - $1,300,000
MORTGAGE LOANS AND HOME BUILDING
A Western Company for Western People

THE BANK OF TORONTO

DIVIDEND NO. 159.

NOTICE is hereby given that a **Dividend of Three Per Cent.** for the current quarter, being at the rate of **Twelve Per Cent. per annum**, upon the Paid-up Capital Stock of the Bank, has this day been declared, and that the same will be payable at the Bank and its Branches on and after the **first day of June** next to Shareholders of record at the close of business on the 11th day of May next.

By Order of the Board.

THOS. F. HOW,
General Manager.

The Bank of Toronto, Toronto,
April 27th, 1921.

The Canadian Bank of Commerce

DIVIDEND NO. 137

NOTICE is hereby given that a dividend of Three per cent. upon the capital stock of this Bank, being at the rate of Twelve per cent. per annum, has been declared for the quarter ending 31st May next, and that the same will be payable at the Bank and its Branches, on and after Wednesday, 1st June, 1921. The transfer books of the Bank will be closed from the 17th May to 31st May next, both days inclusive.

By Order of the Board.

JOHN AIRD,
General Manager.

Toronto, 22nd April, 1921.

Wayagamack Pulp & Paper Co., Limited

DIVIDEND No. 6

NOTICE is hereby given that a Dividend of one and one-half per cent. (1½%) has been declared on the Capital Stock of the Company, for the quarter ending 31st of May, 1921, payable the first of June, 1921, to shareholders of record at the close of business on the 17th of May, 1921.

By order of the Board.

E. L. WILSON,
Secretary.

Bank of Montreal

NOTICE is hereby given that a DIVIDEND of THREE per cent., upon the paid-up Capital Stock of this Institution, has been declared for the current quarter, payable on and after WEDNESDAY, the FIRST DAY OF JUNE next, to Shareholders of record of 30th April, 1921.

By order of the Board,

FREDERICK WILLIAMS-TAYLOR,
General Manager.

Montreal, 22nd April, 1921.

THE ROYAL BANK OF CANADA

DIVIDEND NO. 135

NOTICE is hereby given that a Dividend of Three Per Cent. (being at the rate of twelve per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter, and will be payable at the bank and its branches on and after Wednesday, the first day of June next, to shareholders of record at the close of business on the 14th day of May.

By order of the Board,

C. E. NEILL, General Manager.

Montreal, Que., April 15, 1921.

Bank of Hamilton

DIVIDEND NOTICE.

NOTICE is hereby given that a Dividend of Three per cent. (Twelve per cent. per annum) on the paid up Capital of the Bank, for the quarter ending 31st May, has this day been declared, and that the same will be payable at the Bank and its branches on 1st June next, to shareholders of record at close of business May 20th.

By Order of the Board.

J. P. BELL,
General Manager.

Hamilton, 18th April, 1921.

DIVIDEND NO. 84

Hollinger Consolidated Gold Mines, Limited

No Personal Liability

A DIVIDEND of 1% upon the paid up capital stock of the Company has been declared payable on the 20th May, 1921, on which date cheques will be mailed to shareholders of record at the close of business on the 5th day of May, 1921.

Dated the 28th day of April, 1921.

D. A. DUNLAP,
Treasurer.

FOR FOREIGN TRADE

Governor Miller has signed the bill permitting state banks of New oYrk to invest in the capital stock of Edge law corporations.

This makes 13 states which within the past few weeks have removed legal obstacles to such investment on the part of state chartered banking institutions. Similar measures are receiving favorable consideration in other states where legislation is required.

Action of New York which directly follows similar action in Ohio is regarded as helpful in the formation of the Foreign Trade Financing Corporation.

CANADIAN STOCKS

Quotations of listed Securities on Montreal and Toronto Stock Exchanges, with prices at closing on May 3. In stocks listed on both Exchanges prices quoted are those of the market in which a stock is the more active.

Capitalization: Preferred	Common	Bonds and Debentures	Div. Rate	Yield to April 26	COMPANY	Range 1920 High	Low	1921 to April 26 High	Low	Close May 3 Ask	Bid	Week ending May 3 High	Low	Close	Sales
....	*	8 107,500	4	12.12	Abitibi Power & Paper com	87	49½	58	24	33	32¾	35	30¼	33	4,357
1,000 000	....	....	7	.....	Abitibi Power & Paper pref	99	85	89	85	...	...	...	...	...	...
....	6 594 300	....	.....	.....	Amer. Cyanamid com	36	33	29	...	...	...	...	...	...	...
994 200	....	....	6	.....	Amer. Cyanamid pref	65	62	62	60	...	...	...	...	...	...
....	3 500 000	1 473 666	.....	.....	Ames-Holden com	137½	10	25	15	16	...	15	15	15	110
2,500 000	....	....	7	.....	Ames-Holden pref	114¾	27	45½	21¾	...	...	...	...	...	...
....	614 660	465 951	.....	.....	Amer. Salesbook com	7½	5	7	6½	...	...	...	...	...	...
3,073 300	....	....	7	9.33	Amer. Salesbook pref	83¼	70	78	72	76	74½	75	75	75	15
....	3 000 000	2 940 000	6+2	10.34	Asbestos Corp. com	103	64	90	57	60	59	59⅞	57½	59	625
4,000 000	....	....	7	8.97	Asbestos Corp. pref	108	83	96	78	82	81½	80½	79	80½	127
....	3 500 000	1 345 000	10	.....	Atlantic Sugar com	164	16	35	20¼	30	29¼	30	28⅞	29	735
2,500 000	....	....	7	.....	Atlantic Sugar pref	184	24½	34	...	...	...	...	...	...	...
8,483 500	27 450 000	69 314 045	.....	.....	Barcelona Traction	9¼	3¼	5⅞	4	4¾	4½	4⅝	4⅜	4⅜	50
....	22 336 300	16 649 000	8	7.47	Bell Telephone	111¼	100	112	99¼	106½	105	108	106	106¾	471
....	4 282 200	....	6	15.00	B. C. Fishing	66	34¼	46	38	40	...	40	40	40	15
10,000 000	106 566 300	77 192 132	.....	.....	Brazilian Traction com	51¼	28	36	29½	29⅞	29½	30¼	29½	30	3,556
....	1,278 700	....	10	9.80	Burt. F. N. com	110	88	109	101⅜	103	102	102½	102	102½	55
1,446 500	....	....	7	6.93	Burt. F. N. pref	110	90	108	96½	104	102½	103	103	103	10
2,000 000	†	2 193 000	4	12.12	Brompton Paper	85	42¼	57¼	29¼	32¾	32½	34	31½	32½	1,890
....	2 500 000	1 146 872	.....	.....	Canada Bread com	32½	19	22	16½	18½	17½	18	17	18	65
1 250 000	....	....	7	8.13	Canada Bread pref	86½	84	88	85	...	...	...	...	...	...
....	4 975 000	7 757 822	.....	.....	Can. Car & Fdry com	74	29	43	30	...	...	...	...	...	...
7,500 000	....	....	7	11.29	Can Car & Frdy. pref	109	67	79	62	...	...	61	61	61	5
....	13 500 000	6 346 260	6	10.61	Canada Cement com	75	54¼	67¾	55½	52½	51½	56¾	51	51½	3,077
10 500 000	....	....	7	7.69	Canada Cement pref	100	88½	94	90	...	90	91	89¼	90	323
....	1 733 500	399 000	7	11.29	Can. Converters	80	51	65	57	63	...	63	61	61	120
....	2 805 500	9 500 000	.....	.....	Can. Cons Rubber com	100	87¾	...	...	...	...	...	...	...	...
3 000 000	....	....	7	7.77	Can. Cons. Rubber pref	95	92	90	...	...	...	90	90	90	10
....	2 715 500	4 567 105	8	10.95	Can. Cottons com	100	71	80	72	70	...	70	68	70	52
3 661 500	....	....	6	8.05	Can Cottons pref	83	66	77	70	74	...	74½	74	74	215
....	960 000	173 200	12	.....	Can. Forgings, com	257	75	...	...	...	...	...	...	...	...
960 000	....	....	7	7.60	Can. Forgings, pref	92	91	...	...	...	...	...	...	...	...
....	8 754 400	....	8	7.43	Can. Gen. Electric com	109	93¾	117	94	107½	106	108	107	107	230
2 000 000	....	....	7	7.07	Can. Gen. Electric pref	104	90	100¼	90	99	98	98	98	98	1
....	2 000 000	1 500 000	8	10.25	Can. Locomotive com	100	80	86	78	82	...	75	74½	75	30
1,500 000	....	....	7	8.75	Can. Locomotive pref	95	80	89	80	...	...	...	...	...	...
80,681 921	260 000 000	271 934 882	10	7.96	Can. Pacific Railway	142	125	141	123½	126½	125½	127	124½	126	183
....	1,200 000	356 000	8	10,00	Can Salt	147	85	89	80	...	...	...	...	...	...
....	12 000 000	7 979 619	7	.....	Can. Steamships com	80¼	34	50⅛	18¾	22½	22	22½	20	22	940
12 500 000	....	....	7	15.90	Can. Steamships pref	85	60½	74	38	41½	40½	44½	40	41	1,289
....	1 200 000	128 331	.....	.....	Carriage Fact. com	49½	7½	20	10	...	...	10	10	10	55
1 200 800	....	....	.....	.....	Carriage Fact. pref	90½	72¼	65¾	65	...	...	...	...	...	...
....	565 000	....	7	10.60	City Dairy com	62	50	66	55	...	...	...	...	...	...
700 000	....	....	7	8.53	City Dairy pref	99	85	82	80	...	...	...	...	...	...
....	5 360 700	....	10	7.24	Consumers Gas	150	125	141	124¾	140	138	139	137	138¾	180
....	6 212 666	....	6	12.76	Crow's Nest Coal	59⅞	40	55	45	...	...	...	...	...	...
....	15 000 000	35 757 500	8	10.12	Detroit United Rly	113¾	79¼	96	77½	77	76¾	76½	72½	76¾	825
....	6 500 000	....	8	11.26	Dominion Bridge	115	69	92	70	...	69	71	71	71	155
....	2 797 000	1 339 800	.....	.....	Dom. Canners com	66¼	26	45	25	27	25	26	25	26	100
2 290 600	....	....	7	9.09	Dom. Canners pref	90	79	80½	77	77	76	78½	78½	78½	30
3 000 000	15 000 000	5 864 500	7	9.21	Dominion Coal pref	97½	70	79	63½	...	...	...	...	...	...
....	4 250 000	1 683 363	6	11.32	Dominion Glass com	69¾	57	64	53	52	57	52	52	52	75
2 600 000	....	....	7	8.75	Dominion Glass pref	91	82¼	84	77½	...	80	81	81	81	10
5 000 000	25 000 000	13 434 313	7	10.44	Dominion Iron pref	92	65	76	67	...	...	...	...	...	...
7 000 000	37 100 000	20 450 682	6	15.38	Dominion Steel Corp	82½	39	49	37	37	36	39½	35¾	35¾	2,506
....	1 000 000	....	6	7.59	Dom. Telegraph	91¾	80	85	79	...	...	...	...	...	...
....	5 000 000	4 767 500	10	8.54	Dom. Textile com	146½	96½	122	104	...	122	122	117	122	495
1 940 600	....	....	7	7.00	Dom. Textile pref	105	89	100	87	...	100	100	100	100	4
1 500 000	3 500 000	3 500 000	4	.....	Duluth Superior	28	12	22½	12¾	...	22	22	21	22	140
....	2 250 500	900 000	.....	.....	Goodwins com	35	26	25	25	...	...	...	...	...	...
1 750 000	....	....	7	10.00	Goodwins pref	95	75	70	...	...	...	...	...	...	...
....	1 000 000	225 000	.....	.....	Holt Renfrew com	70	62	15	...	...	...	...	...	...	...
1,000,000	....	....	7	8.75	Holt Renfrew pref	85	80	...	...	...	...	...	...	...	...
....	4 000,000	800,000	8	10.00	Howard Smith Paper com	167	74¾	110	80	...	80	81	78	80	230
1,500,000	....	....	8	9.41	Howard Smith Paper pref	107½	91	92¼	85	...	...	...	...	...	...
7,289,500	....	....	6	8.57	Illinois Traction pref	70	64	71¼	65	...	65	70	70	70	25
500,000	6,267,005	....	25c.	.....	International Petroleum	82	20	...	...	...	...	...	...	...	...
....	2,198,018	1,902,500	8	8.69	Kaministiquia	97	83½	93	88	92	...	92	92	92	10
....	2,800,000	900,000	12	8.63	Lake of the Woods com	220	130	155	135½	140	...	139	133	138	16
1,500,000	....	....	7	6.79	Lake of the Woods pref	112	93½	103⅛	94	...	...	...	...	...	...
....	28,800,000	....	6	6.74	Laurentide Paper	125	81	95	81	89½	89	90	87½	89½	1 124
1,300,000	1,750,000	934,900	8	12.50	Lyall Construction	99	35	75	47½	63	61	63	61	61	160
2,388,600	3,000,000	....	.....	.....	Macdonald A. com	44¼	19	25	15	...	17	17	17	17	125
....	41,380,400	....	6	8.21	Mackay com	79½	67¼	80	69	74	72½	74	73½	74	68
50,000,000	....	....	4	6.34	Mackay pref	74	61	65½	62	63½	62	64	62	62	42
....	2,500,000	....	12	9.60	Maple Leaf Mill com	196	133	146	120	130	125	128	125	128	10
2,930,000	....	....	7	7.36	Maple Leaf Mill pref	104	92	100	93	...	96	95¼	95	95¼	19
....	1,275,000	....	4	.....	Monarch Knitting com	75	60	...	...	...	...	...	...	...	...
750,000	....	....	7	8.75	Monarch Knitting pef	90	85	80	76½	78	...	78	78	78	5
....	2,949,600	....	6	7.67	Montreal Cottons com	87	78	78	70	...	...	...	...	...	...
2,949,600	....	....	7	7.25	Montreal Cottons pref	105	90	98	87	...	...	96½	96	96	2
....	64,126,100	....	5	6.09	Montreal L.H. & P. cons	90	76	86	81	84	83⅞	84½	81¾	84	3,921
....	2,000,000	....	8+½	.....	Montreal Telegraph	124	110	118	44¼	44¼	...	44	44	44	55
....	3,861,070	36,608,153	10	7.14	Montreal Tramways	155	125	142	125	...	...	...	...	...	...
....	2,254,300	1,580,000	4	9.09	National Breweries com	70	39¼	56½	36½	43½	43	44	41	44	3,090
2,775,000	....	....	7	7.77	National Breweries pref	97	93	90	...	...	...	...	...	...	...
....	2,000,000	....	.....	.....	Nat. Steel Car com	12	3	6	4	4	3½	4¼	4¼	4¼	42
1,500,000	....	....	7	.....	Nat. Steel Car pref	41½	21	28	22	26	22	25	22½	22½	26
....	15,000,000	11,026,931	5	12.50	N. S. Steel & Coal com	80	33½	44	37	42	39	41	39	40	33
1,000,000	....	....	8	9.41	N. S. Steel & Coal pref	107	75	88½	80	...	...	86	86	86	5
....	2,500,000	2,350,000	12	5.97	Ogilvie Milling com	280	175	214	180	...	...	...	...	...	...
2,000,000	....	....	7	6.73	Ogilvie Milling pref	105½	97	104	99	...	100	104½	104	104	50
....	750,000	538,200	8	12.50	Ont. Steel Products com	89	50	70	58	...	...	...	...	...	...
750,000	....	....	7	7.95	Ont. Steel Products pref	89½	89	88	...	...	...	...	...	...	...
....	3,500,000	2,825,000	6	8.82	Ottawa L. H. & P.	81	70	72½	68	...	...	69¼	69¼	69¼	10
....	650,000	....	2	6.66	Pacific Burt. com	42	30¼	36	30	...	...	...	...	...	...
650,000	....	....	7	8.97	Pacific Burt. pref	85	76	81	76	...	...	...	...	...	...
....	2,150,600	2,000,000	8+2	8.24	Penmans Ltd. com	148½	93	103	95	...	...	...	...	...	...
1,075,000	....	....	6	7.31	Penmans Ltd. pref	91½	74	85	78	...	80	80	80	80	5
....	749,500	....	.....	.....	Port Hope Sanitary com	27	25	...	...	...	...	...	...	...	...
456.000	....	....	7	.....	Port Hope Sanitary pre	42	30¼	...	...	...	...	...	...	...	...
....	3,000,000	3,787,166	4	9.30	Porto Rico Rlys. com	50	28½	46	37	...	44	44½	43⅝	43⅝	53
1,000,000	....	....	7	8.97	Porto Rico Rlys. pref	79	60	81	64	...	78	78	78	78	20
....	42,671,000	5,372,098	3	.....	Price Bros	385	250	42½	37⅝	57	36	37½	36	36	155
....	3,500,000	565,000	6+1	6.18	Provincial Paper com	132	80½	102	87¾	...	...	...	...	...	...
1,700,000	....	....	7	7.95	Provincial Paper pref	100	85	88½	87¾	...	...	...	...	...	...
....	9,999,500	11,045,000	.....	.....	Que. Railway L.H.	36¾	18	29½	22	24½	24	24½	23¾	24	530
....	6,000,000	5,909,400	10	.....	Riordon Paper com	226	126⅞	160	30	22¾	22	32½	21¾	22⅝	7,007
1,500,000	....	....	7	10.93	Riordon Paper pref	101½	83	80	63½	34¾	...	40	35	35	330
....	1,500,000	432,000	.....	.....	Rogers Wm. com	71	52	56	50	55	54	54	54	54	10
1,122,800	....	....	.....	7.52	Rogers Wm. pref	102	80	94	85	90	...	90	90	90	2
....	800,000	....	7	9.33	Russell Motor com	89	70	...	...	...	...	...	...	...	...
1,200,000	....	....	7	12.72	Russell Motor pref	98	40	65	46	...	...	...	...	...	...
....	1,500,000	423,483	.....	.....	Sawyer-Massey com	20	13	19	13	...	...	...	...	...	...
1 500,000	....	....	.....	.....	Sawyer-Massey pref	67¼	35	54	45	...	...	...	...	...	...
....	20,000,000	9,353,261	7	6.76	Shawinigan W & P.	119½	97½	109½	102	105	104¼	105	103	105	213
....	4 000,000	2,226,006	6	7.50	Sherwin Williams com	119	75	88	72	...	80	85	80	85	75
3,425,000	....	....	7	7.60	Sherwin Williams pref	100	85¾	95	87	...	90	...	...	...	...
....	8,750,000	....	8	6.15	Shredded Wheat com	142	130¼	130	125	...	...	...	...	...	...
1,250,000	....	....	6	6.12	Shredded Wheat pref	98	98	...	...	...	...	...	...	...	...
....	8,995,500	8,511,166	7	10.14	Spanish River Pulp com	129	75	89¼	67¾	72½	71½	74⅜	67⅝	71½	4,691
8,571,493	....	....	7	9.15	Spanish River Pulp pref	149	82	95	75	...	78	79½	75⅞	77½	2,152
....	11,500,000	8,357,608	7	12.06	Steel of Canada com	88½	54¾	64	56½	56½	56	58	56¼	56½	595
6,496,300	....	....	7	7.69	Steel of Canada pref	01½	85¾	97	86½	91	90	90½	90	90½	115
....	1,200,000	160,590	6	11.76	St. Lawrence Flour com	139	59	75½	50	51½	...	51	51	51	25
575,000	....	....	7	7.95	St. Lawrence Flour pref	98½	92	90	85	...	...	...	...	...	...
....	7,899,900	47,000	8	.....	St. Maurice Paper	170	123	120	95	...	...	...	...	...	...
....	650,000	....	.....	.....	Tooke Bros. com	86	67	57	50	45	40	50	45	45¼	200
985,000	....	....	7	9.33	Tooke Bros. pref	91	83	78	65	...	...	...	...	...	...
....	12,000,000	2,502,306	.....	.....	Toronto Railway	65	35	74	58¾	71½	70¾	71¾	69½	70¼	1,479
....	2,500 000	....	4	8.88	Tuckett Tobacco com	57½	41	52	41	...	...	...	...	...	...
2 000 000	....	....	7	8.64	Tuckett Tobacco pref	93	81¼	83	80	...	...	80	80	80	5
3,000,000	22 000,000	20,213,000	.....	.....	Twin City com	49	31½	61½	43½	52	51	52	51	52	25
....	1,750 000	891 000	4	8.69	Wabasso Cotton	135	48	50	42½	...	45	45	45	45	70
....	5,000,000	3,302,600	6	8.82	Wayagamack	150¼	71	89	64½	70½	67	70	67½	69	1,025
....	2,449,588	1,371,55[illegible]	8	.....	West. Can. Flour	145	105	125	118	...	...	...	...	...	...
507 900	9,324 300	9,755 000	.....	.....	Winnipeg Rly	38	26	48	36	40½	39	40¾	39	40	533
....	1,500,000	600,000	1½	4.13	Windsor Hotel	100	70	145	120	...	...	...	...	...	...
....	1,718,600	410,000	8	8.00	Woods Mfg. com	110	93½	...	...	...	...	...	...	...	...
1,546 500	....	....	7	9.21	Woods Mfg. pref	86	78¾	80	76¼	...	...	...	...	...	...

*250,000 shares of no par value. †140,000 shares of no par value.

BANKS

Capital	Reserve	Div. Rate	Yield to April 26	BANKS	Range 1920 High	Low	Range 1921 to April 26 High	Low	Close May 3 Ask	Bid	Week Ending May 3 High	Low	Close	Sales
15,000,000	15,000,000	12	6.41	Commerce	199½	173¼	200	179¾	187	186	187	184	187	178
6,000,000	7,000.000	12	6.18	Dominion	206	190	204	191½	195	192½	192	192	192	11
4,998,220	4,849,110	12+½	6.66	Hamilton	194	168	185	169¼	...	80	180	180	180	5
4,000,000	4,000,000	10	6.57	Hochelaga	158½	151	156	151	...	...	...	...	...	...
7,000.000	7,500 000	12+1	6.48	Imperial	200	184	191	183½	186	184	186	185	185	101
10,029,622	8,400,000	12+1	6.89	Merchants	203	158	182	168	172	170	171	167½	170	103
4,000,000	5,000,000	12	6 72	Molsons	194	169	180	168½	178	176	178	177	177	36
22.000,000	22,000,000	12	5.79	Montreal	220½	185	212	195½	205	201	206½	203	203½	100
2,000,000	2,300,000	12	6.77	Nationale	174	162¾	180	165	...	...	...	...	...	
9,700,000	18,000,000	16	6.23	Nova Scotia	273	243	265	249	255	...	255	255	255	85
20,134.010	20,134,010	12	5.97	Royal	233½	189½	208	193½	202½	201½	202	201½	202	178
3,802,001	4,800,000	14	7.00	Standard	222	200	205	198	202	200	200	200	200	85
5,000,000	6,000,000	12	6.68	Toronto	197	179	192	179	181	179	180	177	180	35
8,000.000	6,000,000	10	6 53	Union	161	139	160½	146	155	...	155½	153	153	26

LOAN, TRUST AND INSURANCE

LOAN, TRUST AND INSURANCE	Div. 1920	Pres. Div. Rate	Range for 1920 High	Low	Latest Price Ask	Bid	Last Sale	LOAN, TRUST AND INSURANCE	Div. 1920	Pres. Div. Rate	Range for 1920 High	Low	Latest Price Ask	Bid	Last Sale
Canada Landed	10	10	150½	110	...	135	134	Montreal Loan	12	....	165	155	...	165	155
Canada Permanent	10	12	178	157	175	173	175	National Trust	11	12	230	198	200	195	200
Central Canada	10		..	...	...	..	...	Ontario Loan	10	10	160	155	167	157	157
Col. Investment, pref	6	6	82	67	...	75	75½	Real Estate Loan	7	7	95	92	...	...	92
Dominion Savings	5	[illegible]	72	72	75	70	70								
Great West Per	5	..	...	...	140	..	89½	Toronto General Trusts	10+1	12	211	196½	197	192	195
Hamilton Provident	9	9	[illegible]	145	141	140	140	Toronto Mortgage	9	9	135	129½	...	132	132
Huron & Erie	[illegible]+1	[illegible]+¾	113½	110	115	107	112½	Toronto Savings	12+2	12	.....	...	...	...	185
Landed Banking			[illegible]	141	...	137	137	Union Trust	7	[illegible]	...	...	100	...	100
London and Canadian		9	[illegible]	110	118	116	115½	Confederation Life	20	20	310	300	...	..	...

Judicious Financing

Whether you are engaged in agricultural, manufacturing, industrial or merchandizing pursuits, your prosperity depends primarily upon the judicious handling of finances.

This Bank offers you a constructive, stabilizing service, coupled with competent advice, and is willing to foster enlargement on safe lines.

Make a banking connection conducive to sound growth. Consult our local manager.

IMPERIAL BANK OF CANADA

216 BRANCHES IN CANADA.

Agents in Great Britain: ENGLAND—Lloyds Bank Limited, London and Branches. SCOTLAND — The Commercial Bank of Scotland, Limited, Edinburgh and Branches. IRELAND — Bank of Ireland, Dublin and Branches. Agents in FRANCE: Credit Lyonnais, Lloyds and National Provincial Foreign Bank Limited.

LONDON JOINT CITY AND MIDLAND BANK LIMITED

CHAIRMAN:
The Right Hon. R. McKENNA

JOINT MANAGING DIRECTORS:
S. B. MURRAY F. HYDE E. W. WOOLLEY

Subscribed Capital	£38,116,050
Paid-up Capital	10,859,800
Reserve Fund	10,859,800
Deposits (Dec. 31st, 1920)	371,841,968

HEAD OFFICE: 5, THREADNEEDLE STREET, LONDON, E.C.2.
OVER 1,500 OFFICES IN ENGLAND AND WALES
OVERSEAS BRANCH: 65 & 66, OLD BROAD STREET, LONDON, E.C.2.
Atlantic Offices: "Aquitania" "Berengaria" "Mauretania"

AFFILIATED BANKS:
BELFAST BANKING CO. LTD. OVER 110 OFFICES IN IRELAND
THE CLYDESDALE BANK LTD. OVER 160 OFFICES IN SCOTLAND

A Free Course in "Salesmanship"

Would you like to be in a business that will give you
A Good Living
A Profitable Future
A Provision for Old Age?

The Life Insurance Business offers permanent success, does not fluctuate, is a professional occupation, and has been truly named "The best paid hard work in the world."

We are willing to take any ambitious man and train him in our work, provided he shows some ability.

This is done by a correspondence course and personal assistance, free of charge.

When he is fully prepared for the work, we place him in a position and help him deal with all phases of Life Insurance, including the new and rich fields of Business Insurance, Monthly Income, Pension, Group Insurance and Succession Duties.

The first two lessons of the Company's correspondence course will be sent to anyone interested. It will pay men who desire to get on in the world to look into this.

All correspondence is strictly confidential.

CANADA LIFE ASSURANCE COMPANY ESTBD 1847

CANADA LIFE ASSURANCE CO.
HEAD OFFICE, TORONTO

Dominion Appraisal Company, Ltd.

Appraisals for Financial and Insurance Purposes
Write for particulars regarding Supplementary Plant Ledger combined with our Appraisal.

TORONTO
8-10 Wellington St. East

MONTREAL
C.P.R. Telegraph Building

U. S. STEEL CORP. TO CUT WAGES OF LABOR BY 20%

In an Endeavor to Reduce Production Costs—Far-Reaching Influence

CRITICAL MOMENT

Charles M. Schwab Sees Cause for Optimism for the Future—Great Need of Products—European Situation

Significant of the outstanding tendency in industry at the present moment, the reduction of operating costs at the expense of wages is the announcement by the United States Steel Corporation of a wage cut of approximately 20 per cent. applying to some 150,000 employees. This corporation is one of the larger, if not the largest, employing institutions on this continent, and this move toward lower production costs will have a far reaching influence upon other lines of industry. A favorable feature of the situation is the fact that the employees received notice of the wage cut almost without protest. A broad scale movement to cut wages in a number of lines in Canada has not been met with the same harmonious spirit. There has been widespread protest, and numerous strikes have been recorded.

Charles M. Schwab, former director-general of the United States Emergency Fleet Corporation, and recently returned from Europe, addressed a gathering of business men in New York a week ago on the "problems of peace." He characterized the present as one of the most critical moments in the history of the world, for out of decisions made within the next few months there might arise the greatest prosperity the world has ever known.

A great student of economic and industrial affairs, Mr. Schwab pointed out to the gathering of New York business men some of the vital needs of the hour. Despite the depression at the moment, he declared, it was impossible for him to be anything else than an optimist, with the world so full of opportunity and promise. Never before was the need for products so great, never before was such valuable producing machinery and facility available, and never before was there so much that needed to be done.

Mr. Schwab declared that he returned from Europe with renewed admiration for the courage, the enterprise and the determination which was being displayed in Italy, in Belgium, in France and in England. But there was one thought borne home beyond all others, the fact that Germany had gone back to work as no other nation in Europe. Her working people are economizing, sacrificing themselves and throwing themselves into real production.

He continued as follows:

Is it possible that after having won the war, we of the allied nations, with everything in our hands, will allow Germany to win the peace through the efforts of her labor? Will it be possible that the pressure of adversity will have taught the Germans such a lesson in the need of thrift and hard effort that they will have gained the permanent benefit from the war, while labor in the allied countries would have reposed in its ease and security and let go the most brilliant opportunity in all history?

Germany can today put a ton of steel in England at a price $20 a ton cheaper than what it costs England to make it. Germany is to-day selling pneumatic tools in Detroit where formerly we made such machinery and shipped it to Germany to sell there cheaper than she could make it. The difference is solely a matter of labor costs.

Employment Situation

It is estimated that there are 5,000,000 men out of work in the United States. The great Pennsylvania Railroad alone has been compelled to discharge 93,000 men. It is accordingly of supreme importance to the working man as well as to the capitalist to restore our prosperity.

And the only sure road to restore prosperity is through the thrift and hard work of our people as a whole.

I believe in reward, and that every man should be rewarded as nearly as possible for the good work he does,—the more work, the more reward; the better work, the still higher reward.

But labor on the whole can be paid only what labor as a whole earns, and if some sections of labor exact more than their share of the current produce of the world, other sections of labor are going to suffer and receive less than their share.

Labor costs underlie our railroad difficulty. They are the cause of the excessive freight rates today being charged on our railroads. We formerly sold pig iron at a profit at about $14 a ton. To-day the total freight rates in making a ton of pig iron are more than $14 a ton.

Freight rates are too high and they must come down. The railroads are not to blame, for they cannot give service at even present rates with their existing costs.

Railroad costs must come down, and it is in the interests of national prosperity that our government, acting through the Railroad Labor Board and every other agency, shall reduce railroad wages and bring costs down to a living point.

We talk of a minimum or living wage for the individual but the community itself must first be allowed to live. Our laborers are entitled to a high standard of living, and we should throw around them every possible opportunity to realize it. But the average standard of living will necessarily depend upon the average amount of work done by all men and not upon the mere money rates which are paid as wages. Wages are not gifts, and the world's wage bill cannot be paid unless it is earned by labor as a whole.

In so far as our people in America are prepared to go to work at reasonable wages, in so far as we are prepared quickly to abandon the artificial extravagances of the war, will we lay the foundations for a new prosperity such as we have never enjoyed before.

GRAIN IN STORE

Shows Large Increase Compared with Previous Years

Grain in store in the different public elevators throughout Canada for the week ending April 22, according to statistics compiled by the Dominion Bureau of Statistics, amounted to 71,652,114 bushels. This exceeds the volume in store for the similar periods for any of the past five years. According to returns received by the Dominion Bureau of Statistics there was a decrease for this week of 4,249,899 bushels in wheat, 1,908,018 bushels in oats, 834,386 bushels in barley and 162,901 bushels in flax compared with the previous week. The totals compare with the figures for similar weeks of previous years as follows:

	Wheat.	Other Grain.	Total.
1921 ..	29,867,210	41,784,904	71,652,114
1920 ..	31,117,353	20,412,885	51,529,238
1919 ..	39,787,363	13,524,695	53,312,058
1918 ..	4,486,382	17,827,148	22,313,530
1917 ..	28,571,054	17,750,516	46,321,570
1916 ..	23,928,103	15,900,299	39,828,402

COOL WEATHER DELAYS GROWTH IN NORTH-WEST

But Seeding Operations Going Forward Fairly Well

By E. CORA HIND,
Commercial Editor, Manitoba "Free Press."

WINNIPEG.—Cool weather continues to delay growth but on the whole seeding operations are going forward fairly well in all but the northern districts. Southern Alberta, namely that portion of the province south of the main line of the C.P.R., has estimated that there will be 1,177,900 acres seeded to wheat—of which about 12 per cent. was in the ground at the end of April—338,500 in oats, 62,900 in barley and 52,000 acres in flax. Winter rye in this section, where it is extensively planted to prevent drifting, has come through the winter in fine shape. During the last week of April this section got a heavy fall of snow, which will increase the supply of moisture. It is expected that there will be a large increase in acreage of alfalfa in the irrigation districts.

Northern Alberta reports conditions good though surface of the ground is a little dry for starting the grass, but there is abundant moisture well down in the soil and a good warm shower would start the timothy in fine shape. Work on the land in the Peace River and Grand Prairie country started a week before the Edmonton district, which is remarkably early for that country. The north would like warmer weather.

Lots of Moisture

In Saskatchewan the difference between conditions north and south are more marked than in Alberta. Practically no seeding has been done in the north as yet owing to the enormous amount of water on the land which is steadily seeping down and conditions are considered all to the good especially in the country around Saskatoon.

In the south, that is south of the main line of the C.P.R., and especially along the Soo line, on light land seeding has made considerable progress.

In Manitoba the heavy rains of the early part of the week left the land pretty wet and seeding has been delayed though considerable work has been done in the lighter lands of the southwestern part of the province. So far the north has done little work but there is ample time and no one is worrying. Labor supply is abundant. Weather will have to warm up considerably before there is much growth.

WAR ON GRASSHOPPERS

From Our Own Correspondent.

Regina.—Ten carloads of molasses, a car of salt, 500 tons of bran, 800 tons of sawdust and two cars of arsenic. This is the poison bait ordered by the provincial authorities for their fight against the grasshoppers this year. The condition of hoppers' eggs and the number of insects already discovered indicate that the battle will be on in full vigor in about two or three weeks.

MOOSE JAW RAILWAY

The annual report of the Moose Jaw Electric Street Railway Co., Ltd., for the year ending December 31 last shows an increase in gross revenue from $115,764 for 1919 to $127,633. The operating expenses were $107,155, as compared with $111,193, thus leaving a balance of $20,478 to be carried to the credit of the profit and loss account. The total revenue from ticket sales was $82,936 and from cash fares $42,249.

The Post's Service to Its Readers

Lt.-Colonel Maclean, president of The Financial Post Company and the Maclean group of newspapers and magazines, returned this week from over three months' investigation of political, financial and business world conditions in European centres in an endeavor to estimate the future for our readers.

He has not written for publication during his absence, but has kept our various editorial staffs accurately informed on general conditions. This information has, and will in the future, govern the underlying policy of our news and editorial columns.

No publication in Canada has given its readers the accurate, conscientious, courageous service, particularly since the outbreak of the war, as has THE FINANCIAL POST. Its news and policies were at times so contrary to established opinions and even principles that they were regarded as sensational, untrue and to some men, who were not keeping up with conditions, even treasonable.

For Canadians as a whole the world situation to-day presents more serious complications than it did before the war, and we believe we are in a position to give better service for our readers than we did before and during the war.

On the one question that is constantly before Canadian industrial leaders, financing, Colonel Maclean is very definite. Notwithstanding all that has been said and is believed to the contrary, London will continue the financial centre of the world and Canada will eventually draw greater sums from there than from New York. Political and industrial conditions are going from bad to worse in Great Britain, but the inner group of Jewish-Scotch financiers because of their greater knowledge have immensely strengthened their hold on the world's finances.

WORKMEN'S COMPENSATION

Details of Payment Made in Ontario Last Year

The detailed figures in connection with the payments under the Workmen's Compensation Act of Ontario last week, as presented to the annual meeting of the Ontario Branch of the C.M.A. by Secretary H. Macdonald, are as follows:

In Ontario last year the maximum rate of compensation was increased from 55 per cent. of wages to 66 2-3 per cent.; 1920, therefore, found payments and assessments greatly increased.

Ontario was the first province to change from the old system, under which the workmen compelled payments through the ordinary law courts. Since the Ontario Act of 1914 was passed, Nova Scotia, New Brunswick, British Columbia, Alberta and Manitoba have adopted similar legislation.

In Ontario a total of 54,851 accidents were reported to the board in 1920, being 10,591 more than in 1919.

The total number of cheques issued by the board during the year averaged 494 per day and the benefits awarded $26,000 a day. About a half million workmen are now under the protection of the act.

RELATIVE VALUE B. E. STEEL STOCK CAUSES GOSSIP

Continued from page 1.

which may be issued from time to time as occasion demands. What, it is asked, will be the limit here? These, ranking equally with the 7 per cent. technically, and naturally ranking above them in marked value, may greatly lessen the equity of the 7 per cent. shares.

In the case of Dominion Steel preferred shares, while 6 per cent. securities are being exchanged for 7 per cent. in the new, it is argued that these should rank higher in the exchange than Dominion Iron & Steel and Dominion Coal preferred, as they are secured by income bonds of the same company, a prior claim to the respective preferred shares.

The weakness in Dominion Steel common this week is attributed to a fear of the common dividend not being maintained. Those in touch with the company scout this idea.

The question is raised as to whether the merger can force an exchange of the preferred stock and the consensus of opinion is that it has not this power.

The Week's Markets

The stock markets have failed to make any material gains during the week. While the tone was materially improved toward the close the advances were of minor range, and the turnover of comparatively small volume. The industrial list was depressed for the most part, although there was distinct improvement in sentiment on behalf of the paper group toward the close. This was mainly due to the fact that wage reductions instituted by several companies had been received without vigorous protest, thereby holding out the hope of further readjustment with a minimum of discontent among the workmen, and little loss to the companies themselves.

In the main, however, there has been comparatively small development of a constructive nature. Business is still gravely depressed, and with the passing weeks it becomes more and more apparent that the process of recovery will be attended by many obstacles in the way of wage adjustments, falling prices, receding profits, etc. It is evident that while the manufacturer has borne the brunt of depression up to the present moment the retailer still has considerable adjusting to do. If there is a general decline in wages the process of price adjustment will be rendered less difficult, but some definite price basis must be reached before buying on a large scale will materialize or before business and industry can revive.

The stock markets have not as yet given any indication that improvement is in sight. Market activities are still mainly on restricted lines. Occasional flashes of buoyancy are short-lived, as there is no sustaining force. The credit situation is still unfavorable. The banks have large sums of money tied up in standing stock of manufactured goods, or grain or livestock, and this money is for the time being debarred from productive uses.

Tractions were irregular throughout the week. Victory bonds recovered from the depression of last week and the list made headway. The mining market continues to attract considerable attention, with the gold stocks still favored.

TO BRING about a return to normal conditions, agricultural, industrial, mercantile and labor interests must work together and each take its share in getting back to prosperity.

We must maintain and expand our foreign and export trade and stimulate in every possible way the development of Canadian manufactures—adopting as our principle, "Buy Goods Made in Canada."

The Bank of Hamilton is the bank of the people, and stands behind the legitimate development of every form of Canadian industry, both on the farm and in the city.

The sound position of the Bank of Hamilton, as indicated by the Bank's recent annual statement, makes possible a still further broadening of the service rendered by this progressive and old established Canadian organization in the development of Canada's industrial, mercantile and agricultural interests.

The Bank of Hamilton
Head Office: HAMILTON
Branches throughout Canada

New Issue **$5,000,000**

Province of Ontario

Fifteen-Year 6% Gold Bonds

Dated 2nd May, 1921 **Due 2nd May, 1936**

Principal and half-yearly interest (2nd May and 2nd November) payable at the office of the Treasurer, Toronto, or at the Bank of Montreal, Montreal.

Denominations: $1,000 and $500.

Bonds may be registered as to principal.

Legal Opinion: E. G. Long.

These bonds and the interest thereon are a direct and primary obligation of the Province of Ontario and a charge upon the Consolidated Revenue Fund of the Province.

Price: 99.50 and Interest, Yielding over 6.05%

Interim certificates will be issued pending delivery of definitive bonds.

Orders may be telegraphed or telephoned at our expense, and delivery will be made free of expense to purchaser.

Wood, Gundy & Co.
C. P. R. Building
Toronto
Telephone Main 4280

Aemilius Jarvis & Co. Limited
103 Bay Street
Toronto
Telephone Main 5966

Dominion Securities Corporation
26 King Street East
Toronto
Telephone Main 4234

A. E. Ames & Co.
Union Bank Building
Toronto
Telephone Main 4020

City of Saskatoon

Debenture Issue $204,000.

SEALED TENDERS will be received up to 12 o'clock noon, Monday, May 23rd, 1921, for the purchase of the following sinking fund debentures of the City of Saskatoon, viz.:—

$ 92,000	30 years,	6%
13,700	30 years,	5%
71,000	20 years,	6%
27,300	15 years,	6%
$204,000		

The 6% debentures are dated July 1st, 1921, and the 5% debentures are dated April 1st, 1917.

Principal and interest are payable in Canada only.

Tenders to be addressed to the City Commissioners and marked on the outside of envelope "Tender for debentures."

The highest or any tender not necessarily accepted.

Further particulars on application.

A. MacG. YOUNG,
Mayor.
ANDREW LESLIE,
City Commissioner.
Saskatoon, Sask.

Debentures For Sale

TENDERS will be received by the undersigned up to Twelve o'clock noon of the Seventeenth of May, 1921, for the purchase of the Debentures of the Corporation of the County of Renfrew for $250,000 for improvement of their highways, payable in twenty years from the Sixth of May, 1921, bearing interest at 6%, payable yearly. Debentures issued in $1,000.00 and odd amounts, payable yearly during the term; Debenture contains provision for registration.

No tender necessarily accepted. Have envelope marked "Tender."

Dated the Third day of May, A.D. 1921.

R. J. RONEY,
County Clerk,
Pembroke, Ont.

TENDERS will be received by the Board of Trustees of the Dennis S.D. No. 2093 (Town of Brooks School), Province of Alberta, for the purchase of $37,000.00 of thirty years debentures. Tenders to be in the Secretary's hands not later than May 25th.

E. HARDING,
Secretary-Treasurer,
Brooks, Alberta.

FEATURING BANKING

THE FINANCIAL POST

VOL. XV. SINGLE COPIES, 10 CENTS. PUBLICATION OFFICE: TORONTO, MAY 6, 1921. ANNUAL SUBSCRIPTION $5.00. No. 16

THE DEFLATION OF CURRENT LOANS A NATURAL ACCOMPANIMENT OF THE READJUSTMENT OF INDUSTRY

Bankers Report Credits Frozen In Agricultural And Other Products and Goods Moving Slowly

NECESSARY TO REACH A MORE HEALTHY BASIS

This Will Not Be Attained Until Production Costs Are Such As to Encourage Normal Consumption by the Public—Further Price Adjustments Evidently Necessary

ANY survey of the banking, financial and business situation at this time emphasizes the important readjustments which are taking place and leads to the conclusion that there is still an unsettled period ahead during which care and caution must be exercised. A year ago it was pointed out that the banks had decided upon a policy of curtailing commercial credits looking to the financing of the crop and the attendant needs of the agricultural community. This policy did not make itself felt in the position of the banks as revealed by the bank statement until after the harvest and it is evident that during the intervening period the commercial advances which were called were immediately used for the benefit of the agriculturists.

However, following the harvest, the heads of most of the banks took the stand that loans must be materially reduced. This attitude was not by any means popular with a great many borrowers. Many farmers considered that they should be aided in financing their crops until such time as prices again advanced. Many of them held for higher prices to their eventual sorrow. Others—and often the banks were responsible—sold in the usual way at the usual season and these were fortunate because in many cases they got about a dollar a bushel more for their wheat than those who still have their product to market. And this applied to other farm products in addition to wheat. Bankers point out that when they make a loan for a stated period that the borrower should be prepared to pay at that time. Some extensions can be made but if there are renewals on a broad scale it means that capital becomes frozen. Besides experience has shown that in the case of farm produce the farmer who sells when his crop is harvested is in the long run further ahead on the average than the farmer who tries to hold until prices reach a higher level.

Curtailing Credits

At the same time that the banks were urging the farmers to market their products and liquidate loans retailers and other business men were being urged to reduce their loans also. It was pointed out that there was no good object to be gained by holding in the hope that prices would come back again. All indications were that the reductions were real and would last. Therefore, the merchant who forgot what his goods cost him and sold on the basis of replacement value found himself very soon in a much better position. He took his loss on the way down instead of selling at the bottom and he not only kept his stock moving but was in a position to take advantage of the new and lower prices prevailing.

In the following figures it will be noted that current loans continued to expand until September and there was then a sharp reduction for several months. February and March saw an increase again.

1920.	Savings Deposits.	Current Loans.
April	$1,209,573,990	$1,347,238,230
May	1,229,073,515	1,349,079,981
June	1,243,700,977	1,365,151,083
July	1,253,170,443	1,377,276,853
August	1,261,647,732	1,385,470,153
September	1,270,194,097	1,417,520,756
October	1,271,275,751	1,405,401,227
November	1,292,009,008	1,357,973,118
December	1,293,007,488	1,301,804,302
1921.		
January	1,313,093,870	1,264,490,463
February	1,318,855,482	1,266,253,381
March	1,319,142,196	1,280,982,873

Capital Is "Frozen"

In regard to this new increase in current loans the banks explain that it has been brought about by the state of trade. There are large sums tied up in merchandise, agricultural products, timber and other commod-

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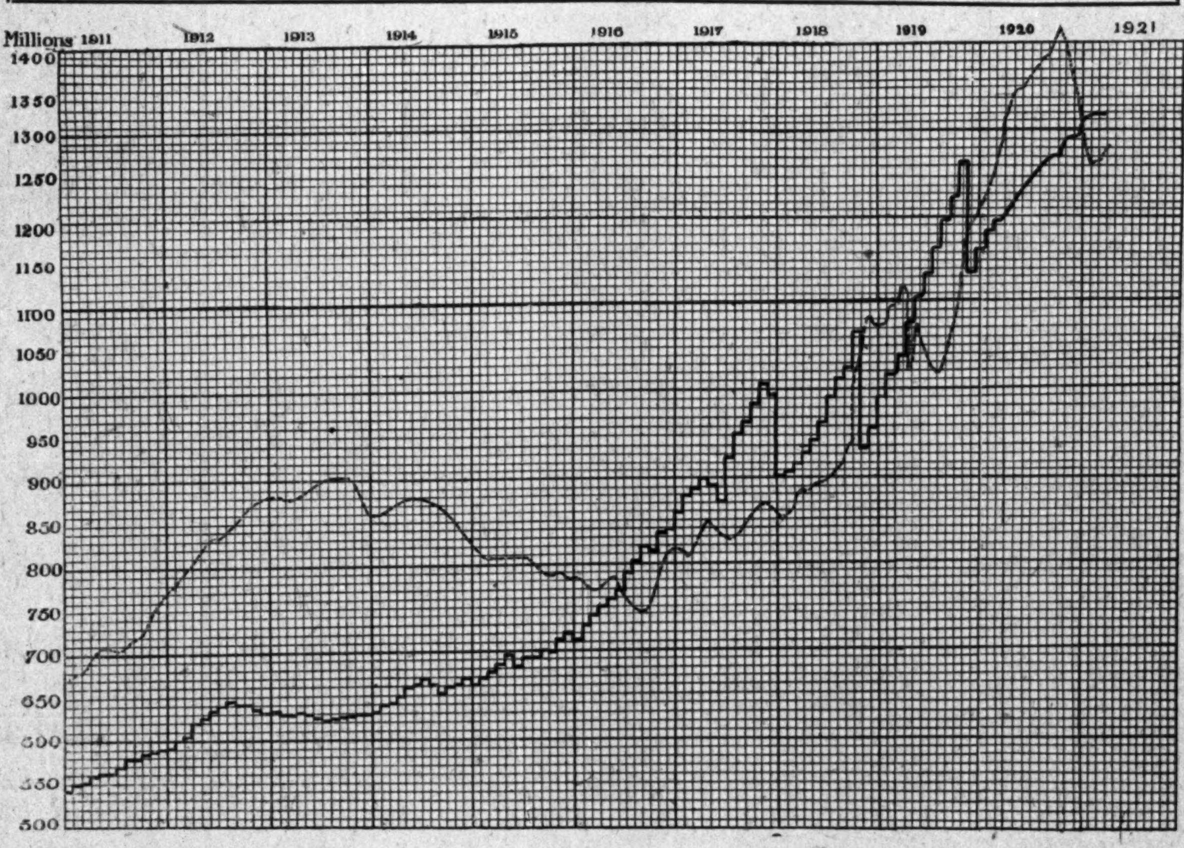
Analysis of Bank Statement For March.

	Mar., 1921.	Feb., 1920.	Change in month.	Mar., 1920.	Change in year.
Assets.					
Immediately Available Liquid Resources.					
1—Specie	$ 84,731,382	$ 81,648,153+	$ 3,083,229	$ 79,990,826+	$ 4,740,556
2—Dom. notes	165,977,483	185,009,848—	19,032,365	184,152,673—	18,175,190
4—Gold reserve	95,302,533	88,402,533+	6,900,000	108,200,000—	12,897,467
9—U. K. banks	13,477,943	13,508,037—	30,093	18,807,577—	5,329,634
10—Foreign banks	85,368,833	60,668,343+	24,700,490	58,526,306+	26,842,527
11—Govt. securities	124,668,184	123,734,576+	933,608	126,609,453—	1,941,269
15—Call loans abroad	168,598,046	190,413,527—	21,815,481	205,202,133—	36,604,087
	$ 738,124,404	$ 743,385,017—	$ 5,260,613	$ 781,488,968—	$ 43,364,564
Loans and Securities Other Than Those of Canadian Government					
12—Public secs.	$ 184,261,730	$ 190.634,618—	$ 6,372,888	$ 223,709,931—	$ 39,448,201
13—Rly. secs.	46,417,092	46,242,831+	174,261	50,969,557—	4,552,465
14—Can. call	113,818,308	112,680,497+	1,137,811	128,233,310—	14,415,002
16—Current loans	1,280,982,873	1,266,235,381+	14,747,492	1,322,267,030—	41,284,157
17—Loans abroad	164,093,930	163,044,476+	1,049,454	183,642,658—	19,548,728
19—Prov. loans	13,929,599	12,930,968+	998,631	13,585,217+	344,382
20—Municipal	73,229,646	67,719,881+	5,509,765	62,992675+	10,236,971
	$1,876,733,178	$1,859,488,652+	$17,244,526	$1,985,400,378—	$108,667,200
Other Assets.					
21—Over. debts	$ 6,579,540	$ 6,628,689—	$ 109,149	$ 4,083,465+	$ 2,436,075
22—Real estate	4,390,972	4,339,681+	51,291	5,482,719—	1,091,747
23—Mortgages	3,008,573	2,808,816+	199,757	2,583,361+	425,212
24—Premises	63,834,165	63,406,980+	427,185	57,946,975+	5,887,190
25—Letters of credit	32,221,498	37,251,816—	5,030,318	42,939,486—	10,717,988
26—Other assets	3,876,434	3,796,033+	80,401	3,326,004+	550,430
	$ 113,851,182	$ 118,232,015—	$ 4,380,833	$ 116,362,010—	$ 2,510,828
Total	$2,728,708,764	$2,721,105,684+	$ 7,603,080	$2,883,251,356—	$154,542,592
3—Note cir. dep.	$ 6,310,696	$ 6,300,243+	$ 10,453	$ 5,953,205+	$ 357,491
5-8—Int. Bk. bal.	174,251,034	184,641,405—	10,390,371	172,621,913+	1,629,121
Gross	$2,909,270,494	$2,912,047,332—	$ 2,776,838	$3,061,826,474—	$152,555,980
LIABILITIES TO THE PUBLIC.					
Liabilities to Government and Circulation					
1—Circulation	$ 206,094,668	$ 207,417,917—	$ 1,323,249	$ 225,769,628—	$ 19,674,960
2—Dom. Govt.	114,272,486	105,121,289+	9,151,197	262,340,599—	148,068,118
3—Prov. Govt.	19,431,985	24,162,783—	4,730,798	17,827,892+	1,604,093
Deposits by Public.					
4—Dem. dep.	$ 560,937,663	$ 561,578,474—	640,811	$ 657,412,028—	$ 96,474,365
5—Savings	1,319,142,196	1,318,855,482+	286,714	1,197,719,570+	121,422,626
Total	$1,880,079,859	$1,880,433,956—	$ 354,097	$1,855,131,598+	$ 24,948,261
6—For dep.	300,181,609	305,778,387—	5,596,778	318,277,881—	18,096,272
Due to Banks Abroad, Etc.					
9—U. Kingdom	$ 8,065,410	$ 6,229,643+	$ 1,835,767	$ 8,015,129+	$ 50,281
10—Foreign	34,984,017	30,771,020+	4,212,997	38,766,460—	3,782,443
11—Bills pay.	11,159,878	12,247,825—	1,087,947	7,558,246+	3,601,632
12—Acceptances	32,221,442	37,251,816—	5,030,374	42,939,486—	10,718,044
13—Other liabilities	2,985,767	4,078,158—	1,092,391	2,897,275+	88,492
Public liabilities	$2,609,477,121	$2,613,492,794—	$ 4,015,673	$2,779,524,194—	$170,470,073
8—Due bet. bks.	13,073,490	13,523,653—	450,163	9,730,536+	3,342,954
Gross	$2,622,550,611	$2,627,016,447—	$ 4,465,836	$2,789,254,730—	$166,704,119

CURRENT LOANS AND SAVINGS DEPOSITS OF CANADA'S BANKS



The interesting feature of the chart showing the relationship of current bank loans in Canada and savings deposits by the Canadian people is the development during the latter months when, after the harvest, the period of deflation commenced. Credits were rapidly contracted while the increase in savings deposits continued. The decline in credits continued until the end of January when there was again a change and since then some increase in these loans. The chart also provides interesting study of the effect of the industrial and business depression during the early period of the war and of the war loan campaigns as well as the generally upward movement of the line showing the wealth of the people as indicated by their savings deposits.

SEVERAL NOTABLE DEPARTURES WHICH HAVE CARRIED INFLUENCES OF CANADIAN BANKING FAR AFIELD OFFERING MANY NEW DIRECT INTERNATIONAL LINKS

Slowly but Surely Crystallizing is Plan for Foreign Trade Banking Structure

BELGIUM PENETRATED

Our Bankers Are Evolving Machinery to Facilitate Further Intercourse With British Empire

IN the development of the Dominion's international banking relations several notable departures during the past twelve months carried the influence of Canadian banking far afield. Actually only one new country was penetrated, Belgium, with the establishment there of a branch of La Banque Nationale, the French-Canadian institution of Montreal. But there were other interesting additions to our international chain of branch banks.

The Bank of Nova Scotia, for one, fulfilling plans that originated prior to the war, in July last, for the first time, opened in London, and thereby gave direct representation in England to seven Canadian banks. The Canadian Bank of Commerce has begun its penetration of South America and the probability is that as the result of the president's recent trip to Argentine further openings will be announced before 1921 has fully run its course.

There can be no further doubt that slowly, but surely, crystallizing in the minds of Canadian bankers is a plan for the formation of a foreign trade financing corporation, patterned after the several corporations of a like nature which are already under way in the United States. Either Canada will erect machinery of her own or else our bankers will throw in their lot with American bankers in the pioneering effort which bankers must put forward to further the commercial ambitions of the North American countries. To an appreciable extent it may be said that Canadians have already given their moral and financial backing to the foreign trade banking enterprise of the United States by identifying themselves with at least three of these banks which have been organized and are now operating in and out of New York.

Two Schools of Thought

Canadian bankers appear fully alive to the necessity for carrying abroad the banking flag of the Dominion as the forerunner of Canadian commerce, but there is not a complete unanimity of opinion as to how it is to be done.

In the one school of thought are ranged those bankers who believe in the policy of establishing direct branches of Canadian banks in the international field. In the other are those who incline to the belief that it is a wiser policy to "carry on" abroad with established foreign banks acting as Canada's banking agencies. Against this latter theory we have the opinion of A. E. Bryan, Canadian Trade Commissioner to Japan, expressed at the Canadian Manufacturers Association convention in Vancouver last June that Canada should establish her own banks abroad if for no other reason than to advertise to the world the "financial security of Canada."

Branches of Correspondents

Sir Vincent Meredith, Bart., reiterating the Bank of Montreal's policy of establishing close connections with banks of undoubted standing already firmly established in the field instead of operating branches of its own at distant points, recently declared that he had had no occasion to renounce this creed. At the same time he hastened to emphasize his belief that "the necessity for financing foreign trade has come closely home and pending an international working scheme I feel it would be well for Canada to move locally." Sir Vincent considers that an international banking corporation to foster our foreign trade is needed. The policy of financing foreign trade through foreign trade banks is being abundantly adopted in the United States.

In this connection it is pertinent to quote Dr. C. A. Holder, president of the Park-Union Foreign Banking Corporation. Dr. Holder recently ex-

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Summary of Developments in International Banking Relations

1920.

June—A. E. Bryan, Canadian Trade Commissioner to Japan. at C.M.A. convention in Vancouver, B. C., pleads for further establishment of Canadian banks abroad to advertise "the financial security of Canada."
Mr. Darling, of London, Eng., in Toronto advocates "Imperial Central Bank."

July—Bank of Nova Scotia opens in London, Eng., 7th Canadian bank there.
Bank of Nova Scotia opens at Santo Domingo, Dominican Republic.

August—Restoration of Mexico's bank system. Bank of Montreal and Canadian Bank of Commerce in Mexico City.

September—La Banque Nationale opens at Marseilles, France and Brussels, Belgium.
Argentine and Spain begin probe of foreign banks. Royal Bank and Canadian Bank of Commerce are Canadian representatives in these countries.

October—Canadian banks reported to have furnished $21,000,000 of the $49,000,000 raised by foreign banks to tide over "sugar crisis" in Cuba.

December—North Dakota bank suspensions regarded as further indication of Canada's branch bank system as against unit banks.
Sir Vincent Meredith says: "The necessity for financing foreign trade has come very closely home and, pending an international working scheme, I feel it would be well for Canada to move locally."

1921.

January—Proposed French taxation of foreign banks might crowd Canadian banks out of France.
Sir Herbert Holt says Royal Bank suffered no loss in Cuban "sugar crisis."

February—Sir Edmund Walker, President Canadian Bank of Commerce, goes to South America to "spy out the land."

March—Royal Bank of Canada's branch at Barcelona, Spain, appointed bankers for conference under auspices of League of Nations.
Canadian Bank of Commerce opens at Port of Spain, Trinidad, first branch of institution in South America.
E. R. Peacock, former Canadian, elected a director of the Bank of England.

STOCK DECLINES HAVE EFFECT ON BANK CALL LOANS

Dividend Payments Reduced or Wiped Out in Many Cases

EFFECT ON MARGINS

Interest Rate Reduced Although Fluctuations in Canada Are Not Broad—Call And Commercial Loans

By H. H. BLACK,
Resident Editor, The Financial Post, Montreal.

THE recent sharp declines in the prices of securities on the stock exchange have placed the banks in a rather peculiar position in regulating their "call loans." In one sense the decline has brought the securities into a safer position. When a stock that was selling at 80 falls to 40, it may be taken for granted that it is safer to lend 80 per cent. of the $40 a share than it was 80 per cent. of the $80 a share. Naturally a deflated condition is more desirable than "boom" prices that were altogether out of line with real values.

On the other hand the readjustment process in the stock market has resulted in the cutting down or wiping out of dividends, and a non-dividend paying stock is not a particularly alluring prospect for a loan. In a number of cases such as Ames preferred, Atlantic Sugar, Steamships common, etc., the broker now finds difficulty in including these securities in his collateral, and it is necessary in nearly every instance for him to carry these for his client out of his own capital.

With the stringent deflation pretty well near an end there will be a natural tendency on the part of the banks to ease up a little in their requirements, and in the margins they exact, as it will be possible to figure out the real value of stocks more accurately the closer to the "bottom" that they reach. For in spite of a popular opinion that a stock may be driven up to a high level, or held there, by manipulation, in the main prices have been regulated to accommodate themselves to actual industrial conditions.

When Market Declines

Laying down a general standard of lending up to 20 per cent. of the current market value of a stock, the banks in cases of sharp reactions in stock prices and weakened financial position of the corporation itself have either increased the margins or refused to accept the security as collateral at all, in which case the broker has been forced to demand a higher margin from the client. This is usually necessary in a "bear" market such as has been the prevailing condition in Canada for the past ten months; in a "bull" market where as a rule prices keep on advancing steadily, the broker, and the banker as well, can afford to take a little more chance.

The Interest Rate

The past year in the call loan market has seen the rate of interest rise from 6 to 6½ and 7 and even 7½ per cent. Today it is down in nearly every case to 6½ per cent. again, and it may go back to 6 in the near future. At the same time it is becoming easier to secure money from the banks. On the other hand, the requirements of the brokers are not large at present. A numerous clientele has been very effectively wiped out by the loss of hundreds of millions of dollars during the past year through the tumbling of stock prices: they are "broke" so far as the stock market is concerned, and could not invest even if they would. There is little inclination, however, on the part of the public; and the general impression is that it will be a good many months before a definite turn comes, even if New York's present movement marks the beginning of the upward swing again. Nor are the banks anxious to encourage a bull market at the present time, easier though funds are. Hence the banker, the broker and the public apear to be unanimous on this subject.

It is not the purpose of this article to deal with the very real service to

Continued on page 28

BANKING OVER THE BORDER CONTINUES TO EMPHASIZE THE INCREASINGLY VITAL PART CANADIAN-AMERICAN RELATIONS PLAY IN CANADA'S NATIONAL PROGRESS

Our Foreign Banking Will Continue to Gravitate to New York Money Market

N. Y. AGENCIES ACTIVE

If Canada is to go Forward, America Will Be Required to Act as Our Banker for Immediate Future

THE continuously increasing expansion in the business passing between Canada and the United States tended toward an even greater volume of banking transactions between the two countries in the last twelve months. Whether the peak of Canadian-American banking has been reached, and whether or not the general business deflation which has been in progress on both sides of the international boundary will bring in its wake a lessened demand for Canadian-American banking accommodation remains for the early future to determine. But that our international banking shall continue to gravitate to the New York money market is accepted as a foregone conclusion and it is reasonable to assume that Canadian and American bankers will continue to find grounds for intimacy in their business relations.

Comparatively few figures are required to emphasize the increasingly vital part that Canadian-American banking developments play in our national progress. Canadian banks were the channels for our $1,530,000,000 trade last year with the United States, and Canadian banks also were the channels through which flowed the $230,000,000 we borrowed from our neighbors upon provincial, municipal and corporation securities.

Both our commerce with America and the volume of our bond sales constituted the greatest total ever transacted. Never previously had America sold this country $930,000,000 worth of her goods; never previously had America purchased $600,000,000 from Canada's stores. For the first time America financed Canada to the extent of 70 per cent. of our total borrowing requirements for one year.

Our New York Representation

The most interesting phase of Canada's international banking has to do with the United States: In reality, of course, with New York, which is the money market of the continent. In New York are the agencies of seven Canadian banks, representative of 65 per cent. of the entire banking capital of the Dominion. These seven banks may be said to shoulder the burden of the financing or banking operations between the two countries—transactions which in the last five years have grown to phenomenal proportions. Illustrating the extent to which Canadian banks are called upon to finance Canadian-American business are the figures from the Canadian bank statement. The January, 1921, return shows "Deposits Elsewhere than in Canada" (which in the main apply to New York) of $318,000,000; "Due from Banks Elsewhere than in Canada and U.K." of $67,000,000, and "Due to Banks and Correspondents Elsewhere than in Canada and U.K.," $31,000,000. In December, 1920, the "Due from Banks Elsewhere" total was $82,000,000, which is the highest figure ever shown in this column of the bank return; the record total in the "Due to Banks Elsewhere" column was $57,000,000 shown in September, 1920.

Exchange Situation

With our American business swinging almost continually in favor of our neighbor the exchange situation became an increasingly vexatious factor. On December 21, 1920, New York funds reached the unprecedented premium in Canada of 18¼ per cent. from the low level of 8½ per cent. premium of October. Since the commencement of this year there has been a reaction from the peak levels, but E. M. Dawson, foreign exchange expert of the Union Bank of Canada, recently voiced the opinion that New York would continue to dominate the Canadian dollar for some time to come. American investments in Canadian securities and Canadian plants have and will continue to assist in the amelioration of exchange difficulties, but in the final analysis the rehabilitation of the Canadian dollar in the United States depends upon the restoration of sterling to its pre-war status as the premier international currency.

In June, 1920, Canada's Minister of Finance shipped $20,000,000 gold to New York in an effort to correct the position of the Canadian dollar, but our adverse trade balance grew so persistently that no further attempt was made by the federal authorities to bolster up our exchange. There are many millions of American dollars—proceeds of their exports to this country—laying idle here only awaiting a favorable exchange rate to take them home, but with trade balances running against this country at the rate of $30,000,000 to $35,000,000 per month, the return journey of the homesick American dollars continues to be deferred. Primary producers in Canada, on the other hand, have materially benefited by the premium on the U. S. funds which they received for goods delivered across the border.

Summary of Canadian-American Banking and Financial Developments

1920.

April—F. T. Walker, New York Agent, Royal Bank of Canada, elected director $5,000,000 Overseas Securities Corporation organized in New York.
Royal Securities Corporation opens in New York to develop purchase of Canadian securities in U. S.

May—$10,300,000 of "Kolchack" gold reaches U. S. through Canada.

June—First Federal Foreign Banking Association formed under Edge Law in U.S. begins. Canadian Bank of Commerce associated in the undertaking.
Canada's total gold shipments in past 12 months into U. S. $39,700,000.
Canadian Finance Minister ships $20,000,000 gold to N.Y to correct exchange.
$50,000,000 final shipment British gold from Ottawa to N. Y.

July—Bankers Trust Company of New York calls Canada "the land of achievement," and forecasts continuance of intimate financial relations between Canada and U. S.

August—Buffalo banks follow Canadian system and establish branch banks throughout city.
Park-Union Foreign Banking Corporation capital increased from $2,000,000 to $4,000,000; surplus from $250,000 to $500,000.

September—U. S. bankers tour Canadian West.
Vere C. Brown, Superintendent West Branches Canadian Bank of Commerce, appointed executive officer National City Bank of New York.

October—U. S. bankers in Montreal guests of Banque d'Hochelaga to study branch bank system.
Premium on N. Y. funds 8½%, lowest level since May 1st.

November—Vere C. Brown, former Canadian banker, goes to Cuba to study financial crisis on behalf of National City Bank of New York.

December—New York funds at record premium in Canada of 18¼%, December 21.

1921.

January—Five heads of Canadian banks appointed to Advisory Board of National City Company of New York to guide the company's investments in Canada.
R. S. Fife, of Guaranty Company of New York, expresses belief in solid basis for future growth of Canadian-American relations.
Cleveland Clearing House votes to accept Canadian money only at 20% discount in effort to break up gang of money exchangers.

February—John McHugh, vice-president Mechanics and Metals National Bank, New York, a farmer Canadian banker, is promoting the $100,000,000 Foreign Trade Financing Corporation organized in the U. S.

March—E. M. Dawson, Foreign Exchange expert, Union Bank of Canada, tells Toronto bankers New York will continue to dominate Canadian dollar for some time to come.
Archibald Kains, former Canadian banker, appointed first president $700,000,000 Federal International Banking Corporation (syndicate of Southern banks).

April—Canada liquidates $25,000,000 war loan in New York, shipping $10,000,000 gold from Ottawa.
Merchants Bank of Canada becomes Canadian representative of new $15,000,000 International Acceptance Bank formed in New York.

Studying Our System

American bankers are taking a renewed interest in the Dominion's branch bank system. Twice last year a group of American bankers visited Canada, one party touring the West, to see for themselves how our branch system works out in actual practice, and they returned enthusiastic over the elasticity of what they termed our "perfect system." Buffalo banks are now adopting the branch bank idea and dotting the city with sub-offices. In California, too, the branch bank idea is growing. But as yet sufficient recognition has not been given to the policy to permit of its general adoption by the American Bankers' Association.

North Dakota's economic debacle and the consequent suspension of some 40 of its banks brought a fuller recognition throughout Canada of the greater possible strength of the branch bank as against the unit bank.

Canadian-Trained Bankers

Canadian-trained bankers continue to forge ahead in the United States, and during the year under review many interesting changes were made by which former Canadian bankers were elevated to some of the highest banking offices in the gift of American institutions. Notable among these was the appointment of Vere C. Brown, who, while superintendent of western branches of the Canadian Bank of Commerce, became an outstanding figure in the Canadian West. Mr. Brown was "grabbed" last autumn by the National City Bank of New York, the most influential banking enterprise of the United States, and he was given an executive position. Archibald Kains, former Canadian banker, but a resident of the U. S. for some years in varying banking capacities, was made president of the new formed $7,000,000 Federal International Banking Corporation, which represents a syndicate of influential southern banks for the furtherance of foreign trade in the products of the South. Raymond E. Jones became a vice-president of the historic and powerful Bank of Manhattan Company when the Merchants National Bank was absorbed a few months ago. The Merchants National Bank, since 1919, had been controlled through stock ownership by the Royal Bank of Canada. It is reasonable to assume that Canadian capital interest in the more potential consolidated banking enterprise represented by the Bank of Manhattan remains.

The Foreign Trade Banks

This is the only known instance of a Canadian bank possessing a controlling interest in an American bank. The development of several of the new foreign trade banks, by which America hopes to extend her foreign commerce has, however, been accomplished by the moral and financial backing of Canadian bankers. The Standard Bank of Canada became a shareholder in the first corporation of this nature to be organized, the American Foreign Banking Corporation, the pioneer of 1917.

"In the future we shall meet Canada more and more in friendly rivalry for trade in Spanish America, in the Orient, and elsewhere," says the booklet issued during the year by the Bankers Trust Company of New York. "Canada's system of branch banking has unquestionably assisted her greatly in inaugurating and developing trade in the West Indies and the countries bordering in the Caribbean Sea. She is now reaching out for trade to the Orient. Her habit of achievement will stand her in good stead in this new departure. It is interesting to know that in this last effort the banking interests of Canada and the United States are in joint partnership—a happy augury and example for future joint efforts."

The booklet of the Bankers' Trust Company refers in the instance of this joint effort to the partnership represented by the Union Bank of Canada and the National Park Bank of New York in another foreign trade bank, the Park-Union Foreign Banking Corporation.

More recently the Canadian Bank of Commerce linked up with an American foreign trade banking enterprise when it became associated with the formation of the First Federal Foreign Banking Association formed under the Edge Law in the United States.

Nineteen-twenty was for Canada and the world largely a "clean-up" year. It should be possible in 1921 for the Dominion to swing out into a new era of progress, and in this fresh endeavor toward expansion our banks here and abroad, particularly in the United States, will be called upon to shoulder a very considerable share of the financial burden incident to reaching out. If Canada is to go forward as Canadians with characteristic optimism believe she is fully entitled to do, this country will require that America continue to be her banker, as in the past five years America has come more and more to be, until that period arrives in our history when we are able to repay our foreign obligations, the result of national production and economy, and are completely capable of "standing upon our own."

Peruvian pound is at new low of $3.[illegible] according to Peru dispatch. Bankers and heads of industrial and mining companies discuss agreement not to buy or sell 90-day drafts on London at premium of more than 3%, corresponding approximately to $3.71 in Peruvian pound for checks against New York.

The Bank of Nova Scotia

INCORPORATED 1832

CAPITAL - - - - - - $9,700,000
RESERVE - - - - $18,000,000
TOTAL ASSETS, over $235,000,000

HEAD OFFICE - HALIFAX, N.S.

Charles Archibald, President
G. S. Campbell and J. Walter Allison, Vice-Presidents

GENERAL MANAGER'S OFFICE, TORONTO

H. A. Richardson, General Manager
J. A. McLeod, Asst. General Manager, Toronto
H. V. Cann, Asst. General Manager, Ottawa

A general banking business transacted. Letters of Credit issued, drafts bought and sold, payable in all parts of the world. Savings Deposits opened by deposit of $1 or over, interest added half yearly.

THE DOMINION BANK

HEAD OFFICE - TORONTO

ESTABLISHED 1871

Capital Authorized..$10,000,000 Reserves ....$ 7,600,000
Capital Paid Up ...... 6,000,000 Total Assets, 31 Dec., 1920 139,000,000

BOARD OF DIRECTORS

Sir Edmund B. Osler, President

A. W. Austin
Sir Augustus M. Nanton } Vice-Presidents

James Carruthers, R. J. Christie, Sir John C. Eaton, Eric W. Hamber, H. W. Hutchinson, Wilmot L. Matthews, R. S. McLaughlin, W. W. Near, A. T. Reid, H. H. Williams

Branches and Correspondents throughout Canada and in all parts of the world. 30 Branches in Toronto.

LONDON BRANCH: 73 CORNHILL, E.C. 3
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C. A. BOGERT,
General Manager

THE BANK STOCKS REMAIN POPULAR WITH INVESTORS

Prices Have Been Showing Strength in Recent Months

PROFITS DECLINING

This Will be Natural Effect of Contraction in the Volume of Trade and Commerce

THE market for bank stocks has been showing strength in recent months and since the first of the present year quotations have generally been marked to higher levels. However, the closing quotations at the end of 1920 were generally on a lower level than a year before and the yields shown on the investment are still very satisfactory. It might also be pointed out that despite the very substantial profits which the banks have been making in recent years, in only two cases have there been higher prices for bank stocks on the market since the outbreak of the war than before that time.

While the earnings of the banks have been showing important growth, it should be emphasized that this has been largely the result of a greatly increased volume of business. Now that there is a general tendency towards contraction in trade and industry it must be expected that the earnings of the banks will reflect this smaller volume of business. Every effort is being made, therefore, on the part of head office officials to effect economies in management in an endeavor to reduce the expense ratio to the minimum. No material change in salaries can be looked for and, therefore, attention is being closely devoted to the adoption of more efficient methods and reduction of other overhead charges.

The expansion of the banks since the outbreak of the war has been marked by capital increases as well as substantial additions to surplus funds, both in reserves and balances. This indicates that the investments by bank shareholders have been increased as well as public deposits in order to provide the capital necessary to finance the country's industrial activities.

Smaller Profits Now

Of course in banking as in many other lines of business the financial turnover is being curtailed as trade and industry adjust themselves. This will naturally mean some contraction of profits. But it is not likely that the investment position of bank stocks generally will change because the banks generally are most efficiently managed and they have been able to put themselves in a strong position looking to such an unsettled period as that now being experienced. The banks may, therefore, be expected to continue to give a good account of themselves and maintain their popularity with the investing public.

Comparative Record of Listed Bank Stocks

Banks—	High price since 1910	Date	High July 1914	Prices at the end of 1916	Prices at the end of 1917	Prices at the end of 1918	Prices at the end of 1919	Prices at the end of 1920	Pres. price
Commerce	237	May, 1911	205½	185¼	183¾	202	197	182½	187
Dominion	242	Jan., 1913	230	209	202	208	197	191	194
Hamilton	212	Jan., 1913	202	190	184	188⅛	192½	169½	180
Hochelaga	180	Aug., 1912	151	145	140	143	156½	153	152
Imperial	229	Dec., 1912	218	199	185	203	196	188	185
Merchants	203	May, 1920	186½	168	167	181	190	167	169½
Molsons	209	June, 1911	202	184	179⅞	179⅞	187	170	177½
Montreal	270	Aug., 1911	235	229	210	216	209	196	203
Nationale	177	Apr. 1921	132¾	134	148½	148	160	174	177
Nova Scotia	278½	Mar., 1912	265	256	248	255	272	250	255
Royal	241½	Mar., 1911	223	212	205	214	215	193	202
Standard	239	June, 1912	220	214	200	214	215	193	200
Toronto	217	June, 1911	212	190	184¼	194	195	182	177
Union	174	Feb., 1912	141	137	137	160	160	142½	155½

Record of Bank Profits

Banks—	1914	1915	1916	1917	1918	1919	1920
Commerce	$2,668,233	$2,352,035	$2,439,415	$2,637,555	$2,850,318	$3,074,892	$3,036,243
Dominion	925,365	848,741	947,615	1,065,062	1,146,498	1,169,703	1,188,511
Hamilton	485,265	424,274	442,525	†598,522	571,226	847,104	888,018
Hochelaga	566,614	530,237	546,011	565,433	595,187	611,105	649,739
*Home	192,442	163,929	133,406	217,059	228,963	238,753	268,894
*Imperial	1,236,984	1,031,359	1,003,960	1,122,816	1,185,066	1,247,516	1,379,318
*Merchants	1,218,694	995,431	950,713	1,120,308	1,236,680	1,383,569	1,686,156
Molsons	608,196	556,193	582,356	615,514	712,485	818,802	822,718
Montreal	2,496,451	2,108,631	1,200,471	2,477,969	2,562,720	3,314,227	4,033,995
*Nationale	319,902	333,207	341,003	417,622	435,283	533,456	567,372
Nova Scotia	1,196,116	1,220,057	1,252,038	1,295,315	1,411,925	1,925,478	2,327,422
Ottawa	620,691	531,268	591,205	616,238	646,437	......	......
Provincial	194,214	196,355	203,983	207,483	......	**434,594	338,882
Royal	1,886,142	1,905,576	2,111,307	2,327,979	2,809,846	†3,423,264	4,253,649
Standard	621,463	563,401	580,230	649,546	697,443	776,310	784,369
*Sterling	114,200	115,111	145,290	161,270	186,120	213,632	251,436
Toronto	829,538	663,074	730,954	802,820	844,402	1,011,359	1,017,371
Union	712,440	659,688	651,183	764,463	824,174	932,256	1,603,842
Weyburn	48,354	53,844	82,149	74,274	74,343	62,230	57,742

*Last available reports.
**For 18 months ended June, 1919.
†Bank of Ottawa absorbed.

Investments of Bank Stockholders

	1913 Reports Capital	1913 Reports †Surplus	1920 Reports Capital	1920 Reports †Surplus
Commerce	$ 15,000,000	$ 13,884,529	$ 15,000,000	$ 16,783,979
Dominion	5,811,244	7,459,033	6,000,000	7,669,218
Hamilton	3,000,000	3,751,131	4,998,220	4,988,374
Hochelaga	4,000,000	3,652,561	4,000,000	4,083,804
*Home	1,943,998	773,932	1,959,073	646,873
*Imperial	7,000,000	8,265,919	7,000,000	8,562,278
Merchants	7,000,000	7,248,134	10,075,000	8,660,774
Molsons	4,000,000	4,881,932	4,000,000	5,518,092
Montreal	16,000,000	17,046,217	22,000,000	23,251,850
*Nationale	2,000,000	1,762,299	2,000,000	2,374,219
Nova Scotia	6,000,000	11,041,124	9,700,000	18,982,595
*Provinciale	1,000,000	637,873	2,000,000	1,138,467
Royal	11,560,000	13,575,119	20,134,010	20,680,938
Standard	2,860,240	3,812,457	3,802,001	5,178,643
*Sterling	1,184,353	387,982	1,229,570	492,942
Toronto	5,000,000	6,307,272	5,000,000	6,986,354
Union	5,000,000	3,490,579	8,000,000	6,149,296
Weyburn	316,100	103,112	524,560	239,306
Since absorbed	15,406,320	11,285,319	....	....
	$114,082,355	$119,366,524	$127,422,434	$142,388,002
		114,082,355		127,422,434
		$233,448,879		$269,810,436
†Since absorbed.				
B.N.A.	$ 4,866,666	$ 3,125,770	....	....
Metropolitan	1,000,000	1,432,547	....	....
N. Crown	2,811,804	442,276	....	....
Ottawa	4,000,000	4,952,759	....	....
Quebec	2,727,850	1,331,967	....	....
	$15,406,320	$ 11,285,319	....	....

†Includes reserve.
*Last available report.

Record of Bank Dividends Since 1913

Banks—	1913	1914	1915	1916	1917	1918	1919	1920	1921
Commerce	10+2	10+2	10+2	10+2	10+2	10+2	12	12+1	12
Dominion	12+2	12+2	12	12	12	12	12+1	12+1	12
Hamilton	12	12	12	12	12	12	12	12+1	12+½
Hochelaga	9	9	9	9	9	9	9	10	10
Home	7	7	5	5	5	5	5	6	7
Imperial	12	12	12	12	12	12	12	12+1	12
Merchants	10	10	10	10	10	10	11+1	12+1	12
Molsons	11	11	11	11	11	11	12	12	12
Montreal	10+2	10+2	10+2	10+2	10+2	10+2	12	12+2	12
Nationale	8	8	8	8	x9	9	9	10	12
Nova Scotia	14	14	14	14	14	14	16	16	16
Provinciale	6	7	7	7	7	7	†8	8	9
Royal	12	12	12	12	12	12	12+2	12+2	12
Standard	13	13	13	13	13	13	13	14	14
Sterling	6	6	6	6	6	6	6	7	8
Toronto	11+1	11+1	11	11	11	11	12	12	12
Union	8+1	8+1	8+1	8+1	8+1	8+1	10	10+2	10
Weyburn	5	5	5	5	5	5	7	7	7

xIncreased from 8% to 9% during the year.
†Increased from 7% to 8% during the year.

Banks—	Div.	1914 July, Price.	Yield.	Div.	May *1919 Price.	Yield.	Div.	May *1920 Price.	Yield.	Div.	May *1921 Price.	Yield.
Commerce	10+2	205½	5.85	12	204⅞	5.85	12+1	189½	6.32	12	187	6.41
Dominion	12+2	230	6.08	12	207½	5.79	12+1	199	6.03	12	194	6.18
Hamilton	12	202	5.94	12	185¾	6.48	12+1	189½	6.32	12+½	180	6.66
Hochelaga	9	151	5.96	9	148	6.08	10	157	5.73	10	152	6.57
Home	7	...	...	5	...	...	6	...	...	7	...	...
Imperial	12	218	5.50	12	199	6.03	12+1	189½	6.32	12+1	185	6.48
Merchants	10	186½	5.37	11	193	5.69	12+1	203	5.91	12	169½	7.07
Molsons	11	202	5.44	12	198	6.06	12	189½	6.32	12	177½	6.76
Montreal	10+2	235	5.10	12	220	5.45	12+2	217	5.52	12	203	5.91
Nationale	8	132¾	6.01	9	148	6.08	10	162¾	6.13	12	177	6.77
Nova Scotia	14	265	5.28	16	269	5.94	16	267	5.99	16	255	6.27
Provincial	7	...	...	7	...	...	8	...	...	9	...	...
Royal	12	223	5.38	12	215½	5.58	12+2	231	5.19	12	202	5.94
Standard	12	220	5.90	13	204½	6.37	14	216	6.48	14	200	7.00
Sterling	6	...	...	6	...	...	7	...	...	8	...	...
Toronto	11+1	212	5.66	12	200¼	6.00	12	193	6.21	12	177	6.77
Union	8+1	141	6.38	10	161	6.21	10+2	158½	6.30	10	155½	6.43
Weyburn	5	...	...	7	...	...	7	...	...	7	...	...

*Maximum price May 2, or last price previous to that date.

HOW BANK PROFITS HAVE BEEN DISTRIBUTED

Name—	Balance	Profits	Total	Dividends	Taxes	Add to Rest	Premises	Pensions, etc.	Balance
Commerce	$1,427,735	$ 3,306,243	$ 4,733,979	$ 1,950,000	$ 350,000	$	$ 500,000	$ 150,000	$1,783,979
Dominion	495,707	1,188,511	1,684,218	780,000	*......	......	200,000	35,000	669,218
Hamilton	85,249	888,018	†1,472,378	598,568	65,000	649,110	......	20,000	139,265
Hochelaga	76,064	649,740	725,804	400,000	50,000	100,000	60,000	32,000	83,804
Home	158,348	268,895	† 431,031	117,236	25,046	100,000	15,000	26,875	146,873
Imperial	865,459	1,379,318	2,244,778	910,000	125,000	......	......	147,500	1,062,278
Merchants	574,043	1,686,156	†2,960,199	1,068,285	81,138	1,400,000	100,000	50,000	260,774
Molsons	275,435	822,718	1,098,153	480,000	70,000	......	......	30,061	518,092
Montreal	1,812,854	4,033,995	†6,846,850	2,960,000	210,000	2,000,000	425,000	......	1,251,850
Nationale	48,699	567,372	616,071	200,000	26,851	100,000	50,000	165,000	74,219
Nova Scotia	704,173	2,327,422	3,031,595	1,552,000	97,000	......	300,000	100,000	982,595
Provinciale	44,692	333,882	† 388,324	158,926	20,931	100,000	25,000	45,000	38,467
Royal	1,096,418	4,253,649	5,350,067	2,555,839	180,295	1,567,005	400,000	100,000	546,928
Standard	360,537	784,369	†1,371,407	492,720	75,043	300,000	100,000	25,000	378,643
Sterling	40,909	251,346	292,256	85,883	23,429	50,000	20,000	......	112,942
Toronto	793,983	1,017,371	1,811,354	600,000	100,000	......	100,000	25,000	986,354
Union	198,222	1,603,842	1,802,065	958,232	79,536	400,000	150,000	65,000	149,296
Weyburn	7,248	50,493	57,742	35,112	4,725	......	......	3,598	14,306
	$9,065,775	$25,413,340	†$36,918,271	$15,902,801	$1,583,994	$6,766,115	$2,445,000	$1,020,034	$9,199,883
—COMPARED with previous years— Heading—									
1919	$8,348,989	$21,018,237	†$36,238,742	$13,615,504	$1,189,638	$8,295,000	$1,965,000	$2,116,514	$9,067,069
1918	7,726,764	19,058,122	†27,831,804	11,974,143	988,776	2,736,710	2,284,009	1,074,319	8,028,846

*Deducted from profits. †Includes premium on new stock.

The business and investing public, as well as shareholders in the banks, have an interest in the manner in which the profits of the various institutions are distributed and this is particularly the case in view of the fact that earnings during the past couple of years have been on a high level, although actually representing a decreasing margin on the volume of business transacted. In the accompanying table it will be noted that total profits of $25,413,340 compared with $21,018,237 for the previous year and $19,058,122 for 1918 and that, with previous balance and premiums from new stock issued, there was made available for distribution a total of $36,918,271, which was practically the same as the amount a year before although much greater than the total of $27,831,804 in 1918. Of the total about $16,000,000 was paid in dividends to the shareholders and nearly $7,000,000 was added to reserve with about $2,500,000 written off premises and over $1,000,000 for pensions, while taxes were largely increased to above $1,500,000; the balance of $9,199,883 showed little change.

Deflation of Current Loans Natural Accompaniment of Industrial Readjustment

Continued from page 17

ities and raw materials which are not moving in a normal way. This situation is not a healthy one and would seem to indicate that still further price reductions will be necessary to bring the benefits of the readjusted values to the consumer and thereby encourage a normal movement of manufactured and other products, merchandise, etc.

Until the curtailment of current loans in the closing months of the year there was a steadily increasing tendency for several years as will be noted by the following figures and the accompanying chart. There were some breaks caused by the war loans financing but generally speaking the tendency to inflation continued until last fall:

Current Loans in Canada

August, 1914	$ 836,574,099
August, 1915	758,342,735
August, 1916	739,938,513
August, 1917	836,429,670
August, 1918	920,775,269
August, 1919	1,011,785,424
August, 1920	1,385,470,153
March, 1921	1,280,982,873

Savings Increase

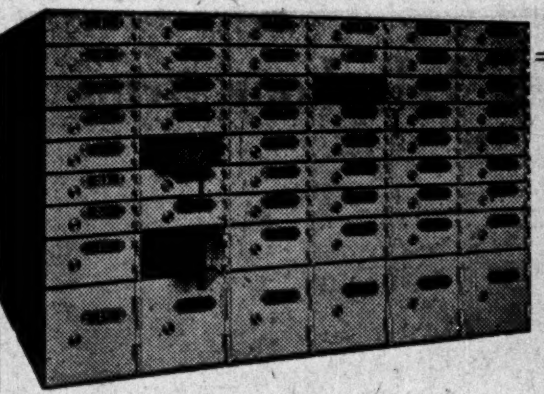
During the period of declining current savings deposits have continued to expand although there has been some decline in demand deposits. It may seem strange on the face of it that savings deposits should continue to grow despite the contraction in purchasing power but it is usually found that during periods of so-called "hard times" people show a tendency to spend carefully and savings increase as a result. Following are comparative figures of deposits for several years:

	Savings.	Demand.
Aug., 1914	$ 659,399,151	$338,984,418
Aug., 1915	692,580,626	334,022,174
Aug., 1916	806,774,687	443,317,275
Aug., 1917	952,591,821	439,995,259
Aug., 1918	1,014,711,865	554,906,517
Aug., 1919	1,196,632,931	584,300,855
Aug., 1920	1,261,647,732	640,361,707
March, 1921	1,319,142,196	560,937,663

The contraction in volume of business indicated by reduced current loans is also shown in the figures of bank clearings:

Bank Clearings

Aug., 1914	$ 583,943,112
Aug., 1915	566,042,056
Aug., 1916	858,474,941
Aug., 1917	970,073,186
Aug., 1918	1,067,337,811
Aug., 1919	1,295,378,944
Aug., 1920	1,530,680,476
March, 1921	1,319,373,137



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THE ATTITUDE OF THE BANKS RE OVERDRAFTS

There is a Basic Principle of Common Business Involved

PROFITS AFFECTED

Earnings are on Basis of Credit Rather Than Debit Balances—Prompt Settlements Important Factor

By A. B. BARKER,
Manager Toronto Clearing House.

BANKS everywhere are part of the mechanism of trade and commerce, and banking customs must of necessity conform to the theories of trade in whatever section they are located. A bank trades in credit, buying from its depositors and selling to its customers, and the terms on which it sells must be governed by the terms on which its purchases are made. This largely explains the difference between banking laws and customs in different countries.

In Scotland much of the bank advances are by way of overdraft because the system of trading is suitable to this method. In the United States in most of the States overdrafts are illegal. In Canada they are not illegal, but from a banking standpoint decidedly undesirable. Some advances are definitely arranged by way of overdraft, and with these, of course, the following will not apply, as, having been authorized it must be assumed that both bank and customer have been satisfied, otherwise the contract would not have been entered into.

Casual and Arranged

Criticisms of overdrafts are entirely with reference to the casual overdraft made without previous arrangement, and it may be of interest to know some of the reasons for the banks' objections, and the reasons therefor.

In the first place, when a bank opens an account in its books for a customer it agrees to repay on demand, or to account to the owner for all or part of the sum so deposited. This does not, however, include the right to overdraw, and when the customer issues a cheque for more than his credit balance he is exceeding his rights. He is putting it up to the bank to either lend him the money or run the risk of injuring the customer's credit by refusing the cheque; a bluff, in other words, and he has no right to object if the bluff is called. He does though and frequently is very wrathy. In his own line if a creditor drew on him for more than the amount owing on a shipment of goods he would promptly return the bill with a vigorous comment on the system of bookkeeping. Where his account with the bank is concerned, however, he cannot see the affair in the same light.

The bank's objections to overdrafts are based on solid grounds. One is that in order to make its legitimate profit on the account to pay it for the expense of handling the account as such, bookkeeping, stationery and overhead charges, a credit balance is necessary. This does not refer in any way to what is termed remittance business—the negotiation of cheques on outside points and for which a commission is charged—nor does it refer to the lending of money. These functions are quite separate from the work entailed in the recording of deposits and cheques in the account.

The Bank's Position

The value of a credit balance to a bank depends entirely on the use the bank can make of the loanable balance. This can only be based on the average amount carried, and this is usually estimated by taking the minimum balance for the week as the average for the week. Of this the bank figures it can safely use two-thirds, the other third having to be held in cash as a reserve to take care of the usual volume of cheques each day. In this connection it must be remembered that a bank is not reimbursed for the cheques it takes on deposit until these cheques are actually settled for in the clearing centres, where the balances are settled in legals.

In the United States such deposits are not considered as available to the depositor for a day or two to enable the bank to collect them. In Canada they are available at once. The amount "in transit" daily in this way is considerable, and according to the statement of February 28 this year the amount of notes and cheques of other banks so held was $173,000,000—or 30 per cent. of the demand deposits in Canada.

The chief objection to these casual overdrafts, however, is the indefinite term of payment. A bank must always be prepared to honor its obligations on demand. It must use them in making loans and discounts in order to make a profit and fulfil the obligations of its charter of incorporation, and in order to do this it must so arrange the maturities of these loans that a stream of daily repayments can be depended on. It is the definite steady turnover which counts, and the more definitely the maturities are fixed the more easily can the bank plan to use its resources in its business.

Turnover Factor

This turnover is essential for many reasons, but the one which mostly concerns the public is that only in this way can the credit which the bank supplies be made available to the various classes of business in their turn. Each business is seasonal in its requirements, and as the active season of each class ends the credit used by it is repaid and is then available to the next in turn. A bank does not create credit except to a very limited extent. Credit is based on production and savings which increase bank deposits. The banks can influence in one direction or another the employment of funds which their customers place with them, but in the amount of credit which they can dispose they are neither creators nor free agents: They are strictly limited by their own resources.

THE FLOW OF GOLD TO UNITED STATES

Bankers Realize That it is Not A Good Thing For the Country

Outstanding among the features of the present economic situation is the flow of gold into the United States. In spite of an already unprecedented accumulation, the metal is coming from abroad in a wide stream, more than $60,000,000 having been added to the monetary supply through imports since April 1, and more than $200,000,000 having been added since the opening of the year. In all of 1920 the gain in gold reserves by imports was less than half what it has been in the past four months.

Paradoxical as it may seem to those who see in the present inward flow of gold a powerful influence toward relieving them from the present level of money rates, says the Mechanics and Metals National Bank of New York, it is not a good thing that so much gold should now be coming hither from abroad. It does not help matters; on the contrary, America having become the gold pivot of the world, it would be far better were gold going out to the countries where it is most needed, rather than coming from them. Gold accumulation abroad would strengthen currency systems and re-establish credit, and would thus contribute to restoring equilibrium and stability of the international exchanges. Gold accumulations here, on the other hand, in their present rapid pace, simply contribute new elements toward a renewal of inflation, and, by just the degree in which they do that, stand in the way of restoring equilibrium and stability to the international exchanges.

If, therefore, gold imports continue unchecked, the ultimate disturbing effect on domestic banking position and on the international exchanges will have to be very seriously considered.

Deposit your Savings with

THE MONTREAL CITY & DISTRICT SAVINGS BANK

ESTABLISHED 1846

Head Office and Sixteen Branches in Montreal

A. P. LESPERANCE, General Manager
T. TAGGART SMYTH, Assistant General Manager

Established 1874

Banque d'Hochelaga

HEAD OFFICE: MONTREAL, QUE.

Capital Authorized $10,000,000
Capital Paid Up and Reserve 8,000,000
Total Assets over 75,700,000

BOARD OF DIRECTORS
J. A. Vaillancourt, *President* Hon. F. L. Beique, *Vice-President*
A. Turcotte, E. H. Lemay, Hon. J. M. Wilson,
A. A. Larocque, A. W. Bonner

BEAUDRY LEMAN, *General Manager*

305 Branches and Sub-Agencies in Canada

Circular letters of credit and traveller's cheques issued available in all parts of the world—Commercial Credits opened—Foreign exchange bought, and drafts, cable and **telegraphic transfers** sold on all important points. Collections made in all parts of the Dominion of Canada, and returns promptly remitted at the lowest rate of exchange.

Return of the Chartered Banks of the Dominion of Canada, March 31, 1921.

Made to the Minister of Finance in conformity with Section 112 of the Bank Act, Chapter 9, of the Statutes of 1913.

LIABILITIES

NAME OF BANK	Capital authorized	CAPITAL STOCK: Capital Subscribed	CAPITAL STOCK: Capital Paid up	Amount of Reserve Fund	Last Dividend declared	Notes in Circulation	Due to Dominion Government	Due to Provincial Govts	Demand Deposits In Canada	Notice Deposits in Canada	Deposits Elsewhere
	$	$	$	$	%	$	$	$	$	$	$
Montreal	28,075,000	22,000,000	22,000,000	22,000,000	12	35,030,517	26,799,218	1,399,395	106,620,353	213,819,043	83,250,512
NovaScotia	15,000,000	9,700,000	9,700,000	18,000,000	16	19,120,816	687,861	477,345	32,162,587	113,650,575	32,036,397
Toronto	10,000,000	5,000,000	5,000,000	6,000,000	12	6,704,093	213,920	565,715	26,190,587	47,976,418	....
Molsons	5,000,000	4,000,000	4,000,000	5,000,000	12	5,823,628	9,249,187	141,232	16,332,688	45,031,159	....
Nationale	5,000,000	2,000,000	2,000,000	2,300,000	12	6,215,305	6,770,508	262,951	7,516,735	40,889,838	6,896,528
Merchants	15,000,000	10,170,000	10,108,582	8,400,000	12	14,438,217	598,343	3,084,587	46,381,247	92,095,404	2,394,254
Provinciale du Canada	5,000,000	3,000,000	2,987,649	1,300,000	9	2,540,877	2,232,724	180,531	4,883,272	29,339,402	....
Union	15,000,000	8,000,000	8,000,000	6,000,000	10	9,913,419	496,981	3,305,179	27,954,920	69,676,809	7,135,067
Commerce	25,000,000	15,000,000	15,000,000	15,000,000	12	26,155,729	37,380,433	3,033,084	94,078,650	178,904,544	30,358,603
Royal	25,000,000	20,400,000	20,299,140	20,216,575	12	36,071,847	12,333,100	2,019,699	91,173,120	190,105,685	136,308,484
Dominion	10,000,000	6,000,000	6,000,000	7,000,000	12	8,363,331	3,283,744	337,604	24,511,617	69,754,743	1,801,764
Hamilton	5,000,000	5,000,000	4,998,630	4,849,315	12	5,399,276	3,237,919	991,158	16,815,262	44,120,661	....
Standard	5,000,000	3,946,400	3,911,934	4,882,449	14	6,124,555	4,328,869	404,915	17,143,653	47,558,931	....
d'Hochelaga	10,000,000	4,000,000	4,000,000	4,000,000	10	7,884,064	265,661	77,866	11,222,089	44,582,590	....
Imperial	10,000,000	7,000,000	7,000,000	7,500,000	12	12,957,350	640,590	1,621,438	27,312,803	65,958,851	....
Home	5,000,000	2,000,000	1,959,499	500,000	7	1,834,710	2,534,397	1,159,001	6,015,107	12,450,094	....
Sterling	3,000,000	1,266,600	1,230,037	450,000	8	1,194,487	2,905,003	363,009	3,731,462	11,962,346	....
Weyburn Security	1,000,000	655,700	524,560	225,000	7	322,447	314,028	7,276	891,511	1,265,103	....
Total	197,075,000	129,138,700	128,720,031	133,623,339	......	206,094,668	114,272,486	19,431,985	560,937,663	1,319,142,196	300,181,609

NAME OF BANK	Loans from banks in Canada	Balances due to Banks in Canada	Due to Banks in the U. K.	Due to Banks Elsewhere	Bills Payable	Acceptance under letters of Credit	Other Liabilities.	Total Liabilities	Loans to Directors	Average Gold and Coin Held	Average Dominion Notes Held	Greatest Amount Notes in Circulation
	$	$	$	$	$	$	$	$	$	$	$	$
Montreal	....	1,548,471	51,967	1,525,018	1,100,275	4,570,142	1,185,021	476,899,937	1,099,134	30,686,735	40,621,516	37,447,242
NovaScotia	....	944,633	32,544	2,020,019	390,019	520,337	391,722	202,435,069	1,106,952	12,041,203	15,029,851	20,042,801
Toronto	....	294,922	106,303	1,058,144	....	143,616	5,543	83,259,264	369,637	1,019,217	7,481,682	7,155,100
Molsons	....	406,837	52,033	453,351	....	186,097	505,473	78,181,688	294,630	613,732	3,982,222	6,217,368
Nationale	....	3,724	4,224	412,207	450,000	7,805	....	69,429,829	605,339	434,600	3,982,100	6,558,360
Merchants	....	4,640,988	76,986	511,422	97,829	790,756	3,978	165,114,016	628,096	4,213,859	7,030,394	14,970,247
Provinciale du Canada	....	2,460	....	48,615	....	....	143,015	39,370,899	....	142,604	281,504	2,964,767
Union	....	282,745	3,893,080	4,480,759	57,440	2,579,144	40,077	129,815,624	1,605,317	1,056,404	12,414,350	9,913,419
Commerce	....	565,276	2,227,196	8,182,802	2,363,813	8,807,672	17,844	392,075,654	1,158,879	21,133,000	25,671,000	27,494,160
Royal	....	4,175	1,107,966	12,813,889	6,515,513	2,839,353	47,399	501,340,235	621,350	14,033,999	19,384,346	37,322,593
Dominion	....	971,083	19,030	1,143,060	184,780	900,471	604,106	111,875,337	920,875	2,073,000	8,590,000	8,697,691
Hamilton	....	116,690	46,163	500,164	....	383,183	....	71,610,479	840,039	896,205	2,581,429	5,753,486
Standard	....	1,665,516	420,592	495,721	....	369,765	....	78,512,522	360,486	1,739,745	4,992,440	6,290,835
d'Hochelaga	....	....	16,087	621,872	....	25,206	....	64,695,439	441,950	493,794	2,337,683	8,161,659
Imperial	....	1,358,229	11,239	169,425	....	91,003	....	110,120,931	155,737	1,755,595	9,742,573	13,467,900
Home	....	2,661	....	514,838	....	....	3	24,510,812	587,957	190,620	2,163,924	1,917,145
Sterling	....	265,080	....	....	....	6,892	4,341	20,432,623	317,067	115,816	933,537	1,225,630
Weyburn Security	....	....	....	32,711	....	....	37,173	2,870,253	17,208	19,701	111,324	330,642
Total	....	13,073,490	8,065,410	39,984,017	11,159,878	32,221,442	2,985,695	2,622,550,611	11,130,653	92,659,829	167,331,875	215,931,035

ASSETS

NAME OF BANK	Gold and Subsidiary coin	Dominion Notes	Deposit for note circulation	In Central Gold Reserves	Notes of other banks	Cheques on other banks	Balance due from banks in Canada	Due from banks in United Kingdom	Due from Banks elsewhere	Government securities	Canadian municipal, British and foreign securities	Railway and other bonds and stocks
	$	$	$	$	$	$	$	$	$	$	$	$
Montreal	29,090,913	44,740,611	1,038,166	15,200,000	3,161,694	16,232,703	......	3,300,254	30,209,663	14,781,796	33,415,057	4,389,647
Nova Scotia	11,189,753	12,145,899	496,413	11,000,000	3,738,161	9,822,197	......	1,266,381	2,900,055	14,660,866	19,267,000	3,741,019
Toronto	1,026,632	7,376,332	254,834	2,500,000	620,580	4,538,636	......	......	629,960	7,667,261	6,691,213	637,555
Molsons	606,339	4,467,333	235,000	3,000,000	644,117	3,328,743	18,893	325,137	1,377,323	5,341,532	6,047,072	709,265
Nationale	437,768	4,286,036	100,000	5,000,000	699,915	2,521,630	1,481	......	825,183	5,055,509	7,373,645	889,173
Merchants	4,219,880	7,167,416	450,000	5,000,000	1,059,908	8,302,316	10,220	192,229	1,441,700	9,026,629	13,462,871	3,733,422
Procinciale	163,101	341,951	114,315	......	514,057	2,260,466	5,143,476	165,373	224,826	2,691,584	6,744,317	2,441,720
Union	1,493,532	12,338,801	365,000	3,500,000	810,390	6,387,047	100,210	1,625,984	4,291,059	4,981,282	12,858,104	3,581,990
Commerce	14,761,463	20,586,885	908,245	13,500,000	3,273,890	14,717,879	12,115	189,887	9,411,638	13,564,307	18,494,249	5,996,584
Royal	14,330,105	19,688,851	860,000	19,000,000	36,557,279	22,342,768	18,119	5,031,647	27,219,306	12,922,214	19,214,890	14,710,514
Dominion	2,093,474	8,786,480	311,862	2,800,000	1,039,794	5,634,705	235	183,987	1,304,377	7,065,937	10,045,944	1,804,243
Hamilton	918,427	3,955,223	225,000	800,000	578,424	2,705,463	334,955	9,814	1,157,680	2,452,668	5,902,638	402,246
Standard	1,766,195	5,846,776	175,000	2,600,000	325,202	3,331,596	......	207,815	1,147,249	5,040,334	6,191,908	480,960
d'Hochelaga	516,365	2,500,499	200,000	4,400,000	1,026,627	2,584,267	580,528	210,729	514,338	2,218,567	5,222,937	131,079
Imperial	1,769,743	8,958,625	381,665	7,002,533	1,286,590	5,321,941	400,902	645,482	1,610,194	6,007,647	9,090,882	412,949
Home	200,304	1,636,231	108,000	......	271,301	722,691	118,597	94,300	886,302	1,704,104	1,218,849	1,610,612
Sterling	127,437	1,043,326	65,000	......	304,891	723,227	7,229	28,924	134,377	9,217,972	2,819,340	384,114
Weyburn Security	19,951	110,208	22,196	......	21,301	13,632	268,046	......	83,603	267,975	200,814	......
Total	84,731,382	165,977,483	6,310,696	95,302,533	55,834,121	111,401,907	7,015,006	13,477,943	85,368,833	124,668,184	184,261,730	46,417,092

NAME OF BANK	Call loans in Canada	Call loans elsewhere	Other current loans in Canada	Other current Loans elsewhere	Loans to Provinces	Loans to municipalities	Overdue debts	Real Estate other than premises	Mortgages on real estate sold	Bank premises Less written off	Letters of Credit	Other Assets	Total Assets
	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal	1,926,326	83,744,997	198,245,558	15,627,643	3,340,935	18,885,340	545,041	26,905	49,795	5,500,000	4,570,142	78,199	528,101,391
Nova Scotia	7,071,477	17,826,821	90,113,383	14,349,990	......	4,595,211	426,084	121,630	174,361	6,141,751	520,393	245,903	231,814,756
Toronto	6,885,601	500,000	51,572,387	......	......	1,277,224	416,298	......	......	3,566,371	143,616	......	96,304,506
Molsons	7,289,610	......	48,982,934	......	......	1,533,729	363,030	84,142	31,582	3,055,196	186,097	439,068	88,066,151
Nationale	5,043,320	......	38,825,053	......	......	1,032,358	27,708	357,031	380,284	1,818,123	7,805	62,400	74,744,428
Merchants	7,765,730	3,518,412	107,330,462	1,359,347	......	2,539,925	773,165	619,729	686,009	4,142,975	790,756	290,264	183,883,371
Procinciale	7,343,310	......	13,572,327	......	......	1,488,415	157,643	7,459	12,758	411,482	......	269,554	44,068,142
Union	4,865,394	1,976,153	68,965,271	4,517,340	1,791,486	5,014,602	253,187	162,489	341,257	1,534,160	2,579,144	47,247	144,381,136
Commerce	23,808,451	21,769,727	203,769,651	23,754,311	7,237,362	11,428,024	684,738	527,868	178,093	7,334,178	8,807,672	55,323	424,772,552
Royal	16,045,969	34,597,046	166,804,205	103,141,894	610,101	6,545,262	444,098	981,557	41,844	9,705,809	12,839,353	95,308	543,748,151
Dominion	7,148,685	3,064,890	64,294,672	1,318,617	......	1,775,572	178,677	5,373	18,936	5,768,473	900,471	337,945	125,883,361
Hamilton	6,622,747	......	46,547,359	......	687,715	3,836,002	205,017	691,077	190,311	3,104,765	383,183	354,113	82,064,836
Standard	2,817,937	600,000	3,118,766	......	......	1,410,578	378,221	......	59,300	1,631,449	369,765	145,887	88,004,946
d'Hochelaga	4,268,605	......	41,768,115	......	......	3,042,990	767,109	195,755	310,973	3,033,691	25,206	86,224	73,604,612
Imperial	3,753,496	1,000,000	62,749,431	......	262,000	8,344,182	690,829	522,631	413,104	5,317,368	91,003	699,743	126,642,949
Home	1,039,086	......	15,549,755	24,788	......	304,221	142,735	63,434	96,260	1,052,622	......	247,658	27,091,859
Sterling	122,564	......	6,575,559	......	......	54,661	8,834	......	2,750	512,237	6,892	357,805	22,397,167
Weyburn Security	......	......	2,197,985	......	......	121,350	57,126	23,892	20,956	203,515	......	63,641	3,696,[illegible]
Total	113,818,308	168,598,046	1,280,982,873	164,093,930	13,929,599	73,229,646	6,519,540	4,390,972	3,008,573	63,834,165	32,221,498	3,876,282	2,909,270,[illegible]

Column No. 4. Of this deposit 11,502,533 is in gold coin; the balance is in Dominion notes
FINANCE DEPARTMENT, OTTAWA, APRIL 22nd, 1921.

INCREASED EFFICIENCY IN FARM PRODUCTION WILL SOLVE THE PROBLEM OF RURAL CREDITS; HOW THE BANKS CAN FORWARD THIS CAMPAIGN

Important Part Can Be Played by Branch Managers

POSITION OF BANKS

Under Charters and System of Deposits, They Can Only Make Loans for Short Exchange

By J. L. CLARKE,
Rural Service Department, Merchants Bank.

AS the banks accept money on deposit from the public their duty is to loan and invest these funds safely for productive purpose and to keep these funds in such shape that any demands coming from the depositors may be readily and promptly met without causing undue hardship upon the borrower. Thus short-term loans must comprise the bulk of their investments. In their own interests they maintain certain reserves in order to meet promptly such demands.

In Canada the banks are permitted to use their own judgment as to the amount of legal money which they shall hold by way of reserve in their vaults. Lending banks in other countries are obliged by law to adopt the principle of compulsory reserves. The only regulation laid down in the Bank Act which is compulsory is that 40 per cent. of the reserves that each bank's self-interest requires it to keep shall be in Dominion notes.

The Canadian system of voluntary reserves has worked out well. Legal minimum reserves impede instead of helping a bank's operations in times of a crisis or monetary stringency. When it is found that loans can be secured on good collateral, confidence is soon restored and the banks can gradually replenish their reserves as business conditions become easier. The good judgment of the banker and the holding of sound, short-term paper, will provide a steady stream of payments to the bank, which are worth more than reserves of legal money. The fact that the banks are not allowed under the Act to loan money against real estate naturally has a tendency to keep its assets in readily accessible form.

In the usual course of business with farmers part of the bank's assets become "tied-up" or "frozen," due usually, to unforeseen uncontrollable conditions—caused by borrowers failing to keep to the terms of their contract as to the time of repayment. Money advanced for the season's operations are intended to be repaid as soon as the crop is threshed and marketed. Occasionally the borrower thinks that he can make money by holding his grain over until the following June, and sometimes he is determined to do so. The original terms of the loan called for repayment "in the fall after the freeze-up" and the banker planned his business to receive payment at the time specified, not "until wheat goes to $2.50 a bushel" (which the farmer is advised by different parties wheat will be worth that price in May or June, if he can only hold on).

At the time of the original investment the time of repayment was agreed to "in the fall," not the following June, thus the banker's ratio of reserve to deposits was inadvertently upset—which is disappointing to say the least. The fact, however, that the farmer has the wheat to sell is a favorable factor in the situation.

On the other hand, when crops are a total failure, due to drought, hail, frosts, insects, etc., or due to soil-drifting, the farmer borrower is unable to pay and the situation is more serious, his "ability to pay" has received a severe set-back and the bank's funds have become "tied-up." Such a situation usually calls for real estate and chattel mortgage security, which should be given promptly and willingly as the money involved is depositor's money handled in trust by the bank, and upon the loan being thus secured the farmer is carried over for another year. It is apparent that several crop failures in succession will tend to put a grain grower out of business. Such loans become long-term loans and are forced on the banks. They are usually called funds "tied-up" or "frozen," thus other things besides crops are sometimes frozen in Western Canada.

Revising Bank Act

The next revision of the Bank Act is due in July, 1923, and as that time draws near it is expected that considerable discussion will appear in the press by different economic organizations and finally by parliament itself. In considering any proposed changes in the banking laws, parliament must consider the interest of the nation as a whole. To pass legislation in the interests of any particular class at the expense of another is to invite national disaster. In such legislation the interests of the farmer, the merchant, the manufacturer, the lumber interests, the fishing industry and all interests engaged directly or indirectly in developing the natural resources of the country are considered. All are interdependent upon each other and each must be reasonably supported within their legitimate requirements.

After more than fifty years of banking experience in Canada the present Bank Act is said to function satisfactorily. All the legislation in the world will not guarantee the successful administration of the finances of the country. The responsibility for success rests upon the sane, careful management by the executive officers of the banks.

Canada has a banking system acclaimed by economic experts as one of the best, if not the best, in the world. During the past twenty years this continent has experienced several financial periods of depression and the fact that in Canada there was no panic, speaks well for our economic system.

Banks Loaning Policy

It is impossible for the banks to declare publicly any set policy of loaning money. The fundamental principle is to loan for production purposes only, having in view the world's demands for our products. To loan money for speculation and unproductive purposes is at variance with sound banking principles and such business cannot succeed. The amount of money advanced to any farmer will depend upon the standing of the man, financially and morally, having in view the purpose for which the money is required, the source of repayment, and above all, his ability to pay. Thus each individual case must be decided upon its merits.

During a period of depression, which usually follows a period of inflation, loans will certainly be restricted to only actual legitimate productive undertakings. It is not expected, nor is it in the national interest, that money be handed out indiscriminately for the purpose of speculation, for the purpose of luxury, or an unnecessary article; such loans decrease the wealth of the borrower and the result would be disastrous to the nation, the farmer and the bank.

Money placed on deposit with the banks are used to a large extent to carry on the business of the country, being loaned out to borrowers entitled to assistance for legitimate production purposes and for the handling of the country's products, until finally disposed of on the world's markets. In loaning money to farmers the local bank manager has not to refer to his ledgers to ascertain if he has funds to loan. If his local deposits are insufficient to meet the needs of his district he has the surplus deposits of other districts to draw from. Thus branches having a surplus of funds supply branches where local resources are insufficient to meet demands for loans. Canada is a country of great distances and varied climatic conditions, one province may suffer from crop failure, in whole or in part, while another province may have a good all round crop. One great strength of the Canadian banking system is that through its operation the equilibrium of the country's finance is maintained.

Branch System Serves

In a country having a large part of the banking business connected with the gathering of produce over wide areas, and the shipping of it over long distances, the distribution of manufactured goods, whether from foreign countries or Canadian centres, economy and efficiency require a system of banking where the same institution could afford accommodation at fairly uniform rates over wide areas, and at different points simultaneously.

Interest Rates

In world finance money rates are usually high during a period of activity and low during a period of depression. The high price of money is not as important a factor as the supply. It is not the high rate that causes the farmer to fail or the rancher to sacrifice his livestock, but the real cause of failure is usually due to the result of conditions over which he has no control; such as a crop failure due to drought or frost; the necessity to dispose of livestock at a sacrifice rather than purchase expensive feed to carry them over the winter period, etc., or the heavy losses of livestock due to severe snowstorms at an unexpected time; losses of crop through soil-drifting, the ravages of the grasshopper or the cutworms. If farmers and ranchers were free of such problems a rate of 8 per cent. interest to their banker would be met cheerfully.

Money spent on scientific research in order to advise and prepare the agricultural and livestock interests, how best to avoid and meet these problems, would go a long way towards removing the cause of the many habitual troubles experienced in Western Canada.

To attempt to lower the price of borrowed money by arbitrary legislation will not grease the road to success, nor provide more money to finance agriculture; on the other hand, such legislation is likely to drive money for investment purposes out of the country—for money, like water, will seek its own level.

Concerted efforts should be made to get our agricultural methods upon a more permanent basis. It is commendable to note the present action of the three provincial governments to conduct a soil survey, and that work has been commenced to investigate and compile statistics of local specific conditions which are important factors in the agricultural production. Available information, such as the composition of the soil, the length of the growing season between spring and fall frost, a knowledge of the average local precipitation will all have a tendency to determine the best varieties of grain to plant and the best methods of farming to follow in the respective districts. The placing of agricultural representatives in the field to advise farmers on the ground in these matters will go a long way to improve conditions which will assure, within a reasonable degree, our future prosperity.

When these improved farming methods are well established the question of sufficient money to carry on will be a minor factor in our production and the rate of interest charged on that money of small moment, in fact, the ultimate result should mean that our Western farmers will have money to lend, rather than depend upon loans from the banks for their operations. When that favorable period arrives the farmers will demand a banking system that guarantees beyond any doubt the safety of their deposits.

Diversified Farming

The improved farming methods will call for a more general introduction of mixed farming which will result in the production of the much needed increase in finished meat and the dairy supplies, and such methods will also maintain soil fertility and keep our farmers and their hired help busy the year round, instead of active work for only seven months of the year as is the custom in following the one-crop system of farming. Such a program calls for a large outlay of capital expenditure for the purchase of livestock, the building of barns, silos and granaries; the fencing of farm property and the probable loss of a year or two of wheat crops in order to get the new system well under way and working properly. Where is this capital to come from?

That the banks will be sympathetic and endorse the plan goes without saying, as any proposition that will improve the status of the farmer as a credit risk is likely to be well received. To expect the chartered banks to loan out large sums of money unsecured, repayment to be made several years hence, can hardly be expected under the present monetary conditions. Assistance to farmers to get started in a few good milch cows, a flock of good poultry, a brood sow, and a few good sheep will, no doubt, be considered favorably, and, in the course of time as conditions improve, the more permanent improvements will come.

Under the present stipulations set forth in the Bank Act the banks cannot loan money for capital expenditure. It is problematical whether it would be in the national interests to change the present banking law to allow the banks to advance money to farmers taking a first mortgage on their lands as security and giving them three to five years to repay the money. Such methods of financing are in direct violation with fundamental banking principles and any such arrangement would necessarily have to be of a special nature—possibly through the marketing of debentures securing by land mortgages, but the interest rate would have to be attractive.

Under the present laws the proper source to obtain such money is from the mortgage, trust and loan companies. Have they the available funds to loan? Are present monetary conditions such as to attract foreign capital to such investments?

Provincial Loans

Before the war such assistance could be entertained, at the present time all surplus funds are employed elsewhere. Is it good business for the provincial governments to receive money on deposit at a high cost repayable on demand and reloan such monies out to farmers at a low rate of interest repayable by the amortization plan covering a term of thirty years? Such methods of financing are contrary to approved banking fundamentals. If the interest rate charged for the money is high enough to cover the cost of administration without affecting materially the other resources of the province, and the taxpayer is not called upon to pay any deficit—the business is quite legitimate and approved by everyone. What the farmer wants is money when he needs it and the rate of interest is a secondary consideration. The State of North Dakota is having experience at the present time as the result of unsound banking methods, with the result that chaos in monetary affairs prevails in that state.

A government has its own credit status to consider and maintain as well as the individual. To bring farmers who are in practically an insolvent condition to the high road of success cannot be accomplished in a day; it will take several years before they can possibly succeed after adopting the approved farming methods under the proper direction. By the concerted efforts of all interested parties a more favorable condition of affairs can be accomplished. The lessons learned should be taken to heart by those directing the agricultural industry and they should undertake to see that information of value is distributed to all farmers who need it engaged in production endeavor.

Preliminary work could be commenced by the different organizations interested in the welfare of the farmers, such as the agricultural societies, farmers' organizations, community clubs; the bank managers at rural points could co-operate in the work. Local committees composed of practical farmers could be appointed to work under the direction of the Department of Agriculture and the Agricultural Colleges and Experimental Farms. The banks might co-operate by undertaking to see that the necessary information in the form of

Continued on Page 22

Loaning Powers of the Banks

In dealing with the subject of Rural Credits it must be borne in mind that credit is divided into two distinct classifications, viz:—

First.—Short-term credit, being money required for temporary agricultural purposes such as, paying the cost of the season's farm operations, which includes a purchase of seed grain, wages, the breaking and clearing of land, harvest and threshing expenses; the purchase of machinery repairs and replacements; to pay fire, life or hail insurance premiums; the purchase of feed for livestock; loans for the purchase of feeding cattle, hogs or sheep to be fattened for market; the purchase of pure-bred sires and breeding livestock.

Loans for the foregoing purposes are available from the banks, provided the applicant for the credit can show his ability to repay within a short time, usually within one year.

Second.—Long-term credit. Money borrowed for capital expenditure, such as the purchase of land, building of houses, barns, silos and other improvements of a permanent nature on the farm.

Such loans are obtainable from mortgage, trust, and investment companies and from the Farm Loans Associations.

Farmers should supply their own capital for the original purchase of the farm equipment such as work horses and the necessary machinery.

The Canadian Chartered Banks are operating under Federal authority known as "The Bank Act of 1913" which, as far as agricultural interests and the livestock industry are concerned, provides for the financing of production and the handling of farm products:—

"The bank may lend money to any dealer in products of agriculture or to any wholesale purchaser or shipper of or dealer in live stock or dead stock or the products thereof, upon the security of such products, or of such live stock or dead stock or the products thereof."

"The bank may lend money to a farmer upon the security of his threshed grain grown upon the farm."

In applying to a bank for a loan the farmer should confine his requests for financial assistance along the lines defined.

Under the Act the banks are authorized to:—

"Deal in, discount and lend money and make advances upon the security of, and take as collateral security for any loan made by it, bills of exchange, promissory notes and other negotiable instruments, or the stock, bonds, debentures and obligations of municipal and other corporations, whether secured by mortgage or otherwise, or Dominion, Provincial, British, foreign and other public securities."

"Engage in and carry on such business generally as appertains to the business of banking."

What the Banks Cannot Do

"Except as authorised by the Act, the Banks shall not directly or indirectly:—

"Deal in the buying or selling of goods, or engage in any trade or business whatever;

"Lend money or make advances upon the security of lands, tenements or immovable property."

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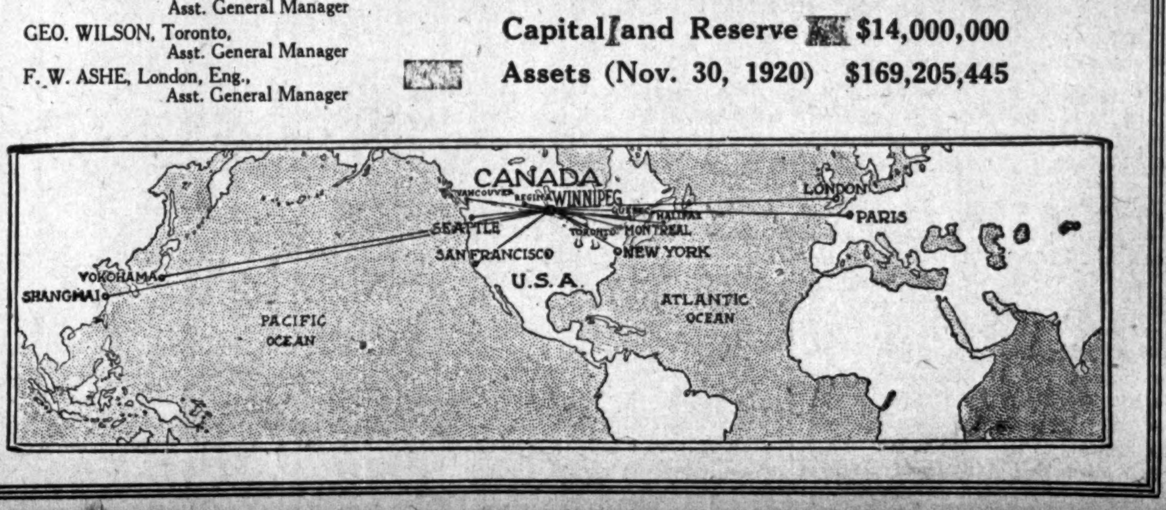

TURNOVER THE BASIS OF TRADE CURRENT LOANS

Is It Sufficient For The Average Stock Carried?

WATCH STATEMENTS

Must be Demanded Regularly by Bank Managers—Something About Credit Systems of Other Countries

THERE is a vast difference between bank credit and mercantile credit for many reasons. The chief of these is the margin of profit in each case. A bank lends at, say, 7 per cent. Out of this it must pay the interest on its deposits, the salaries of its staff, the other expenses of carrying on business and allow for possible losses. The manufacturer or dealer, on the other hand, has a much larger gross profit. With this margin he expects to take more chances.

In any business, of course, certain risks must be undertaken, and in the case of banks the public has a right to expect the banks to take the usual risks incidental to the business. What constitutes a legitimate business risk for a dealer would be wild speculation.

Then, too, there is the question of permanency of connection. When a wholesaler finds his customer's account not working as it should it is comparatively easy for him to get it cleaned up. There are a variety of ways in which the customer can be shunted or his line reduced without any appreciable effect on the customer's credit. With the bank, however, it is different. When its credit has been once extended it cannot press for reduction without seriously affecting the customer's credit, and for this reason alone far greater care must be taken to find out the customer's position at the start. A bank must know that the customer will be able as well as willing to fulfil his contract in the usual course of business. What it wants to avoid is the necessity of bringing pressure. This course means friction always and banks, like most people, prefer peace.

The Customer's Statement

In analysing a customer's statement the most essential feature, from a bank's standpoint, is the turnover. Whether it is sufficient for the average stock carried and whether the profit realized is adequate, a profit is never sure until the goods are sold and actually paid for, and for this reason renewals of trade paper are not favored, as it always means that the customer has been selling to dead heads or is neglecting his collections.

It is essential to the success of the bank that its customers be making money and it is in order to be assured on this point that the bank requires statements from its borrowing customers at regular intervals and analyses them to see whether the progress claimed is the result of the regular business operations, the buying and selling of the commodities in which its customer deals.

Other People's Money

Another point of difference between bank business and other lines is that the bank is dealing with other people's money, while a business man risks his own.

Fixed assets are not a basis for bank credit. Bank advances are to supplement the working capital of their customers and are not intended to be tied up in long-winded transactions. This is to some extent obscured through the ordinary phraseology of business in its relation to banking.

Federal Reserve banks in the United States rediscount trade paper for their members and do not take renewals. Each bill must be retired in full at maturity. Of course renewals creep in, but not with the knowledge and consent of the Federal Reserve Bank.

The rediscounting feature is borrowed from European practice, particularly the English. In London bills are handled by brokers, who obtain call loans, or, as they are termed in London, "day to day money." When a bank wishes to invest surplus funds there it may either end in this way or it may purchase a quantity of these bills at the market rate and hold them until maturity. This will give it a steady stream of funds coming in from day to day as the bills mature, and should there be a sudden need it can add its endorsement and rediscount them, or it may lodge securities with the Bank of England and borrow these. Loans on stocks and bonds do not obtain to the same extent there as in Canada and the United States, where such loans are used to invest surplus funds.

The English banks prefer the trade acceptances for this purpose as they can be liquidated in a way impossible with loans in stock exchange security. With the latter their realization is undoubted in normal times, but as a witness in a congressional investigation stated, "In times of stress we have frequently called in vain."

In Other Countries

The credit of customers is based in the United States and Canada upon statements of affairs furnished the banks interested. In England this is not done to the same extent except in the case of joint stock companies, whose annual statements are published in the newspapers. Detailed information of private concerns are, however, not so easily obtained. In France and other Latin countries it is even more difficult. In South America, for instance, the furnishing of such information is almost unheard of and in extending credit one must be guided by the general reputation of the houses.

In this connection the Chinese custom is interesting. It is said that the Chinese houses must clean up their obligations each year by a certain date. The credit for the ensuing year depends on the size of the balance which the house can maintain in the bank for the week following. In Hong Kong every Englishman with Chinese business friends expects to strain his credit in order to borrow and lend to these for the week. When one comes to think of it it is not a bad test of a man's credit. If he can borrow from his friends on his personal word for the express purpose of establishing a basis of business credit for the ensuing year the amount he can so procure is a very fair estimate of his standing. Whether this would work in other places is a matter of debate. It is generally admitted that the Chinese have a high standard of commercial honor.

BANKING SERVICE DE LUXE

A Cincinnati bank announces that it will procure theatre tickets, railroad transportation and arrange hotel accommodation for its customers on application, and a newspaper in a neighboring, and presumably jealous, community, suggests that about the only thing the bank will not do is to point out the few remaining wet spots in the city its clients intend to visit. Canadian banks have not gone so far, but as the saying goes they are "on their way."

INCREASED EFFICIENCY IN FARM PRODUCTION STOCK DECLINES

Continued from Page 21

pamphlets and bulletins reached their farmer customers. The farming methods employed by local successful farmers in each locality could be studied by the local committees and the information made use of locally; for instance, one committee could study tillage methods, another livestock conditions, another weed and insect problems, another market conditions. The rural bank manager might consent to act as the secretary.

This would be a start in the right direction and much practical good would result. Visits could be made by a number of farmers to their nearest experimental farm and a profitable day spent. Too many farmers are farming on the "hit and miss" plan, hoping against hope for large returns on a proposition that is doomed to failure on the start, and they either do not know that they are on the wrong track, or else their position is such that they cannot help themselves, and as long as the money to finance such projects is forthcoming the chances are they will persist upon continuing their faulty methods to the detriment of themselves and of all parties concerned. By getting them interested in improved farming methods a change for the better may be expected.

Bank managers in the West are being educated to pick out the farmers whose propositions are feasible and these only can expect to be financed for their requirements. The farmer who is practising proper farming methods applicable to local specific conditions is not having trouble at his bank. The farmer who is a home-builder, having in view a permanent stake in the country, attending to his business of farming, and doing his best to improve his conditions, is receiving support and he is unlikely to want for financial assistance—in fact the banks are competing for his business.

BRINGING BRANCH AND HEAD OFFICE CLOSE TOGETHER

Efforts to Bring About More Efficient Relations

BANKING COURSES

An Aid to Those Who are Ambitious—House Organs Issued by Many Banks to Develop Esprit de Corps

By J. H. HODGINS,
Statistical Department, Union Bank of Canada.

AMONG all the changes which business conditions of recent years have brought about in the staffing of Canadian banks probably the most outstanding is the throwing open of new positions to women. The depletion of staffs when the men went to war first opened the way for women in our banks. The tremendous business expansion immediately following the cessation of war continued the necessity of retaining the female bankers until now they may be regarded as fully accepted. Figures are not immediately available fully to indicate the strength of the women bankers in the Dominion but that the ratio is considerable is indicated in the figures of one of the six big institutions which recently reported that of a staff of 2,300 more than 700 were women.

Staffing of our banks was an acute problem in the first days of the reconstruction era. The rapid expansion of the branch system made serious inroads into the staffs. For this reason the temporary staff engaged during the war period, in the full expectation of being released when the war stopped, was retained for permanent service.

More recently, however, the tendency has been to stop extensions and some of the experimental branches have been closed. Thus have bank clerks become available for the short-staffed branches. The age-old economic law of supply and demand finds an over-supply and there is not the same cry for men to man the branch banks that there was a year ago. Then many head offices considered the importations of bank clerks from overseas; in fact several small contingents of Scottish bank clerks came to Canada in the emergency that then existed.

Head Office and Branch

In the evolution of business a marked change has developed as between head office and the branch bank workers. There is today a more cordial spirit of co-operation as between executive officer and branch banker than ever before. Head office has awakened to the realization that an esprit de corps within the banking institution pays. It is difficult to conceive of bank executives of ten years ago countenancing monthly dances under the direct auspices of the bank. Today we find head office countenancing but favoring the fullest development of such staff factors, as bank athletics, bank dances, banking courses, and staff magazines. Bank executives have come to recognize that the policy of foremost industrial executives has been wise and that the development of the social element in the bank clerk's life for his fuller interest in the bank for which he is working.

Educational Courses

The banking courses, under the auspices of the Canadian Bankers' Association, first got under way in in the summer of 1914. In spite of the vicissitudes of the war period, to date 538 officers of Canadian banks have graduated, and with the increasing interest being taken both by the banks as institutions and the staff as individuals it seems certain that a very large number will graduate in the June examinations of the Associates' Banking Course of Shaw Correspondence School, and of the Fellows' Course of Queen's University.

Branch managers' conventions may be said to be one of the more important innovations of recent years. Several of the larger institutions hold each year at strategic centres across Canada conferences between executive officers and the branch managers. These are helpful to both. The conferences give the branch managers an insight into national economic conditions which shape head office policies—otherwise, often inexplicable to the men on the firing line—and at the same time give the head office officials a more intimate knowledge of local conditions at all points where the bank is represented. In furtherance of this policy many of the banks have adopted the idea of bringing parties of branch managers into head office for the annual meetings. The branch workers are thus afforded a chance to study head office systems, to become personally acquainted at head office and often to meet the directors. As a factor in building up an esprit de corps this policy is highly to be commended.

In the last two years the bank house organ has come into its own. Prior to the war two of the youngest of our banks were issuing small house organs. Now, five others, including the Commerce, Imperial, Union, Dominion and Royal, have commenced the regular issue of staff magazines. The house organ of industrialism for instance is in reality a glorified advertising medium, when it is not educating the sales staff into a specific selling campaign. The bank magazine is a subtle thing whose purpose in life is manifold, whose mission is as broad as propaganda in the broadest acceptance of the term, the while it is subtle in its educational influences. Undeniably the bank organ opens up avenues for development of the bank's organization, for a development of an esprit de corps among individual bank staffs that it would be extremely difficult to measure.

From an interior standpoint the editor of the bank organ has unusual, far-reaching chances for developing staff loyalty, for further educating the staff—and more particularly the junior officers—in banking practice and in the larger aspect for broadening the banking vision of the readers in a national and international sense. In short by adopting the more intimate terms of address embryo bankers, the younger element particularly, will be the more readily reached than by the highly technical banking journals.

A bank organ is particularly desirable for a Canadian bank under the system of branch banks. By this medium, the bank's representatives at the frontier posts may be kept in touch with passing events at the home office in a way that head office circulars could never hope to do because of their highly official character. From the exterior or public viewpoint the coming of the bank organ should not lightly be dismissed. The bank organ unquestionably may accomplish much toward further improving the public service rendered by our banking institutions.

The boy or man who chooses banking as a profession today will probably find that he has infinitely happier and more workable conditions under which to pursue his daily labor than did the bankers of ten years ago. The stimulus to the ambitious man was never greater because of the remarkable progress which Canada's banking enterprise has made in the war years and since.

The value of training in Canadian banks has been demonstrated time and time again by those Canadian-trained bankers who have gone to executive positions of banking eminence in the United States and elsewhere abroad. Canada's dominating position in the world's business forces the conclusion that for the man who will enter upon banking and accept the thorough training offered by any of our banking institutions his career will be measured solely by his own ambition and capacity.

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HEAD OFFICE - - TORONTO

SOME EUROPEAN CURRENCIES MAY NEVER REGAIN THE VALUE INTERNATIONALLY THEY COMMANDED PRIOR TO THE WAR

A Radical Reduction of the Purchasing Power of Money

PROBLEMS OF TRADE

Misunderstanding of Post-War Parity May Lead to Ill-Judged Purchases of Exchange

By HENRY A. E. CHANDLER, Ph.D., National Bank of Commerce in New York.

INTERNATIONAL trade, on the scale demanded by twentieth century civilization, requires that the exporter and importer have reasonable assurance that in return for the values with which they part they will receive at least the equivalent in goods or other final payments. Before the Great War such assurance was possible and the exporter could obtain for his goods a bill payable in currencies that were freely convertible into gold. Gold being the almost universal standard of value, a bill of exchange constituted effective demand for goods and services the world over. Thus with gold flowing freely from one country to another, trading with Europe was as safe to the informed trader as selling in the domestic market.

To the exporter or importer the balance of trade caused no anxiety. The ease with which gold could be shipped at a very small cost rendered it impossible for sterling to fall more than a few cents to the pound.

To this prewar condition of stability nothing could stand in more striking contrast than the condition that we face today. Gold has practically disappeared from the channels of trade of nearly all important European countries and in its place we find a group of heterogeneous paper currencies, which have been issued frequently in such volume that many of them lack any semblance of stability of value.

The effect of this uncontrolled issue of paper currencies has been to inject many complicating and bewildering factors into the international trade problem. The values of the currencies are not only depreciated far below their prewar standards, but these values have fallen at very unequal rates in the several countries. It appears quite clear that they have fallen farther in France than in England, farther in Italy than in France, farther in Germany than in Italy, and farther in Austria than in Germany. To add to the confusion the international value of some of these currencies has fallen far below even the depreciated domestic value. The net effect of these changes has been to cause violent and erratic fluctuations in exchange rates to a degree never before known in the history of foreign trade. As a result of these fluctuations in the currencies, tremendous economic losses have been sustained. Trade has become extraordinarily hazardous and the recuperation of Europe has been greatly retarded.

Widely Spread Misunderstandings

The exchange problem is, of course, extremely complex and even those most familiar with it hesitate to offer explanations of some of its most puzzling details. However, some widely spread misunderstandings arise not so much from the complexity of the problem as from failure to recognize certain clearly established major elements in the situation. Until we can have at least an understanding of these broad underlying factors in the exchange movements we cannot hope to make much progress in the solution of our foreign trade problems.

The first step is to point out two principal sources of misunderstanding, viz., our habit of thinking in terms of the prewar mint parities, and our habit of trying to explain all exchange problems in terms of the international trade balance.

In measuring the extent of the depreciation by the difference between the prewar mint parity and the exchange rate many people have been led into serious errors. In the case of most of the currencies, the range of posible fluctuations is actually much narrower than such a method of measurement would suggest. The exaggeration of the possibility of these fluctuations has, in some cases, led to a needless degree of uncertainty and therefore to placing impediments in the way of normal international trade. Again, in misunderstanding the nature of the postwar parity many people have been led to purchase foreign currencies for speculation hoping that the exchanges would return to the prewar levels. The withholding of these vast sums and the possibility of their being thrown upon the market at any time have tended to exaggerate the actual fluctuations in the exchange rates. Again, fears of "dumping" by European countries, whose exchanges are greatly depreciated below the prewar mint parity, are exaggerated and inject still another uncertainty into the business situation.

IMPORTANT PROBLEMS

Many important problems related to the future development of America and Europe are closely tied up with the foreign exchange situation. They will be the subject of consideration for a long time to come and a discussion of the elementary principles underlying the foreign exchange situation is essential as the first step to be made toward the solution of these problems.

With two or three exceptions there is nothing in the European situation to justify the hope that the present currencies of the former belligerents will return to the prewar mint parities. The actual parity to which present exchange rates tend to conform is, in the case of most of the currencies of the former belligerents, so far below the old mint parity that for purposes of analyzing our present problems the latter may be considered obsolete.

The second misleading habit is that of trying to explain all of our exchange depreciations in terms of the balance of trade. In a certain type of depreciation the balance of trade is important but with respect to some of the larger depreciations it is not related.

These facts will become clear as we consider the major movements in the problems. From whatever point we approach the subject we are confronted with three principal questions, upon the correct answers to which depend all of our subsequent steps. These questions are:

1. Why have nearly all the European exchange rates undergone such unprecedented declines from the pre-war mint parties?

2. Why, for considerable periods, has the international value of some currencies fallen below the relative domestic value?

3. What accounts for the extraordinary short-time fluctuations?

With reference to our first question, namely, why nearly all the European exchange rates have undergone such unprecedented decline from the prewar mint parities, we have a very clear explanation in the so-called "purchasing power parity" principle. This principle, which was advanced by the economist and financier, Goschen, many years ago, has recently been called to the attention of the world by the distinguished Swedish economist, Gustav Cassel. It has also been given support by Panteleoni in Italy, by Bruins in Holland, and has been given much attention by Pigou and others in England.

The best brief statement of the principle is that recently uttered by Reginald McKenna, chairman of the London Joint City and Midland Bank, Limited. This statement is, in part, that "the ratio of exchange between any two countries is normally determined by the ratio of their general price levels."

Cassel's Statement of Principle

The correct understanding of this principle is so important that it is worth while to set forth the best explanation of it, viz., that of Cassel, which is as follows:

"Our willingness to pay a certain price for a foreign money must ultimately and essentially depend on the fact that this money has a purchasing power as against commodities and services in the foreign country. On the other hand, when we offer so and so much of our own money we offer, in fact, a purchasing power against commodities and services in our own country. Our valuation of a foreign money will, therefore, essentially depend on the relative purchasing power of the currencies of both countries.

"Given a normal freedom of trade between two countries, A and B, a rate of exchange will establish itself between them and this rate will, small fluctuations apart, remain unaltered so long as no alterations in the purchasing power of either currency is made and special hindrances are imposed upon the trade.

"But as soon as an inflation takes place in the money of A, and the purchasing power of this money is, therefore, diminished, the value of the A-money in B must necessarily be reduced in the same proportion. And if the B-money is inflated and its purchasing power is lowered, the valuation of the A-money in B will clearly increase in the same proportion.

"If, e.g., the inflation in A has been in the proportion of 320 to 100 and the inflation in B has been in the proportion of 240 to 100 the new rate of exchange will be three-fourths of the old rate. . . . Hence, the following rule: when two currencies have been inflated, the new normal rate of exchange will be equal to the old rate multiplied by the quotient between the degrees of inflation of both countries.

"There will, of course, always be fluctuations from this new normal rate, and in a period of transition these fluctuations are apt to be rather wide. But the rate calculated in the way indicated must be regarded as the new parity between the currencies. This parity may be called the purchasing power of parity, as it is determined by the quotient of the purchasing powers of the different currencies."

The three most essential facts have been: the fall of the exchange parity to a point far below the old mint parity; the tendency of the new parity in some countries to continue to decline primarily in response to additional currency issues; and the depression of the current exchange rate below the purchasing power parity principally as a result of trade impediments, and uncertainties as to the future value of the currencies.

We may now turn to a very brief consideration of two of the most insistent questions that arise in connection with the present foreign exchange situation.

One of the questions that arise most frequently in the minds of those not specialists in foreign exchanges is the part played by the trade balance, and often it has been assumed that the re-establishment of the normal trade balance would bring the principal European exchanges back to their old mint parity. From the foregoing analysis it may be seen that nothing of the kind may be expected for the reason that the trade balance has not been the cause of most of the larger depreciations below the prewar mint parity. The most that may be expected when Europe finally reaches the point where the normal trade balance can become re-established is to bring the foreign exchange rate approximately up to the then existing purchasing power parity as expressed by the ratio of the price levels.

In connection with the depreciation of the exchanges arises one of the most discussed problems in foreign trade, viz., the problem of "dumping." The theory has been advanced that the depreciation of a foreign currency operates as a "bounty" to the exporter of that country and thus encourages the foreign exporter to "dump" his goods into other countries. So impressed with this argument are the various governments that in many countries anti-dumping laws are now being considered.

From the foregoing analysis, it appears that while under some conditions there is an element of truth in the theory, the size of the bounty is very much less than is usually assumed. The depreciation of the foreign currency below the old mint parity as far down as the purchasing power parity can operate in no way whatever to give a bounty to the foreign exporter. A bounty can arise only where the foreign exporter can sell his goods for relatively higher prices in another country than at home, and so far as the exchange rate is concerned this can be done only when the currency is "undervalued" in the foreign markets, that is, when the current exchange rate is depressed below the purchasing power parity. To the extent that the "undervaluation" of the currency is due to the existence of an adverse trade balance, the so-called bounty will tend to re-establish the normal equilibrium, and as fast as additional exportation brings an approach to this equilibrium the undervaluation of the currency will be diminished and the bounty will disappear.

HAVE EFFECT ON BANK CALL LOANS

Continued from page 17

industrial development and financial conditions in general that the banks perform in lending money on securities and enabling a regular market to be maintained. It will be of interest, however, to study the relation of call loans to commercial loans and bank deposits. When the inflation of commodity prices was at its height and brokers were urging the banks to "loosen up," they were told that this could not be done as commercial loans must be a prior consideration. And they have been, as tables appearing herewith will indicate. Over a period of the past ten years it has been rarely that call loans have been 10 per cent. of commercial, and at the present time they are under 9 per cent. They likewise are running but little over 5 per cent. of deposits.

In the figures quoted here it will be seen that during the past two or three years call loans have risen considerably, although in January, 1921, they were over $17,000,000 below those of January, 1920. Even at $114,000,000 there is an increase of $30,000,000 to $40,000,000 over the prevailing level. This would seem to indicate a very heavy expansion in stock exchange activities, but in reality this is not the case. Almost the entire increase may be accounted for by loans on Victory bonds rather than on other securities. These loans are not limited to brokers or bond dealers, but in many cases where banks have given short term loans to corporations the amount has been included under this heading, swelling the total by tens of millions.

Not Literally "Call"

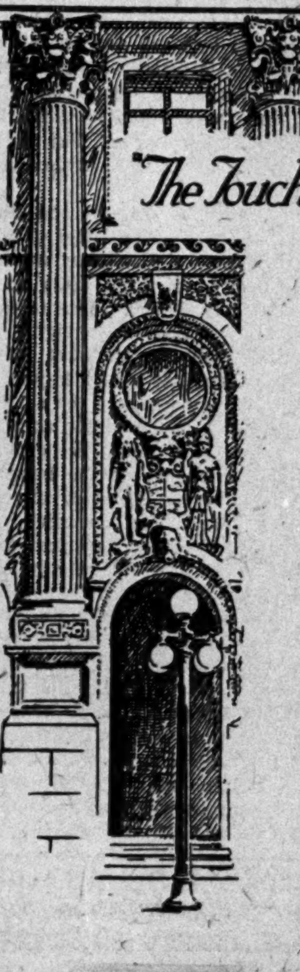
While the practice of the Canadian banks has never been to interpret "call" loans literally, so that they often stand for years without being "called," the banks consider them as well up in the list of their own securities. While not in the "first line of defence," they are accounted as certainly in the "second line." It is true it would be difficult for a bank to call in a large amount from the "Street" on brief notice, but if a bank were in any difficulty and required ready cash suddenly, it could transfer the securities held as collateral against the loans to other banks, and realize at once on them. It is inconceivable that all the banks or even the majority of them would be faced with the same necessity simultaneously. "Call" loans have proved a safe and fairly profitable source of revenue for the banks, and losses have been very rare.

	Call Loans	Com. Lns.	P.C. of Call to Com.	Deposits	P.C. of Call to Dep.
Jan., 1910	63,945,000	590,984,000	10.8	746,630,000	8.5
June, 1910	61,598,000	649,145,000	9.5	797,000,000	7.7
Jan., 1911	63,983,000	677,064,000	9.5	825,000,000	7.8
June, 1911	61,507,000	717,869,000	8.6	874,671,000	7.0
Jan., 1912	71,283,000	775,972,000	9.2	813,783,000	8.8
June, 1912	62,292,000	848,940,000	7.3	1,004,817,000	6.2
Jan., 1913	71,376,000	874,705,000	8.2	989,518,000	7.2
June, 1913	68,642,000	899,260,000	7.6	985,697,000	7.0
Jan., 1914	71,248,000	908,776,000	7.9	975,146,000	7.3
June, 1914	67,401,000	838,276,000	8.0	1,018,658,000	6.6
Jan., 1915	66,154,000	770,118,000	8.6	998,000,000	6.6
June, 1915	71,168,000	758,349,000	9.4	1,032,681,000	7.1
Jan., 1916	82,584,000	758,500,000	10.9	1,101,266,000	7.5
June, 1916	87,355,000	740,040,000	11.8	1,211,321,000	7.2
Jan., 1917	79,737,000	806,479,000	9.9	1,291,469,000	6.1
June, 1917	76,085,000	839,355,000	9.0	1,350,199,000	5.7
Jan., 1918	76,239,000	855,506,000	9.0	1,460,014,000	5.2
June, 1918	76,970,000	897,226,000	8.6	1,515,261,000	5.1
Jan., 1919	87,598,000	1,080,340,000	8.1	1,613,919,000	5.5
June, 1919	95,852,000	1,043,712,000	9.2	1,745,496,000	5.5
Jan., 1920	132,015,000	1,226,962,000	10.8	1,784,705,000	7.3
June, 1920	115,272,000	1,365,151,000	8.5	1,903,323,000	6.0
Jan., 1921	114,888,000	1,301,804,000	8.8	1,950,504,000	5.8

ASSESSMENTS MUST STAND

From Our Own Correspondent.

REGINA.—The assessments of losses by the Hail Insurance Commission are final and cannot be disputed even in the courts of law, according to a decision made by Judge Ouseley, of Moose Jaw.



"The Touch of Courtesy Does it"

THE courtesy with which patrons of The Bank of Toronto are treated is a tradition of this institution and a matter of quiet pride with every employee. This is one reason why our depositors like to come to our Branches, not only to deposit their money, but to transact other banking business.

The co-operation of the Bank's local Managers in financing the business of its customers really amounts to a helpful alliance in which both customer and the Bank participate.

Capital $5,000,000 • Reserves $6,986,354

THE BANK OF TORONTO

Thos. F. How, General Manager

A Message To Canadians

ONLY by increasing the sale of Canadian commodities can we avoid increasing our foreign indebtedness. Never, even in war time, was it so essential to increase our exports.

A DUTY falls on manufacturers to produce articles of a quality and price that will compare favorably with foreign makes, and on our agricultural interests to increase production.

THE ROYAL BANK OF CANADA

Total Resources $545,000,000

730 Branches

BANK SYSTEMS ARE DESIGNED TO MEET NEEDS

Simply a Part of Machinery For Exchange of Credit

ENGLAND—SCOTLAND

British Organizations Would Require Considerable Modification to Meet Conditions in Canada

A BANK is simply part of the machinery for the exchange of credit, and the banking system of any country is designed for the conditions obtaining there. The English system, on account of the length of time it has been in operation, and the volume of business transacted, is frequently referred to as a model, but as the conditions under which it works are peculiar to England, the system would require considerable modification to adjust it to other localities. The English Bank Act so often referred to is essentially different to the Canadian Bank Act as it concerns only the Bank of England, while the Canadian Bank Act governs all the chartered banks in Canada. The Bank of England charter dates from 1689, and is revocable by the Government upon repayment of its debt to the bank and a year's notice. The charters of the Canadian banks must be renewed every ten years when the act comes up for revision. Apart from the Bank of England English banks are either private institutions or joint stock banks, and these latter are incorporated, not under a banking act, but under the Joint Stock Companies Act. This permits advances against security forbidden to banks here. For instance a joint stock bank will occasionally make an advance against mortgage, which is illegal here, and the prohibitory clause so strictly interpreted that an understanding at the time an advance was made that mortgage security would be given later has been held to be in contravention of the act and to invalidate the loan.

The Bank of England has the monopoly of note issues for a radius of sixty-five miles around London, and as having even a branch office in that city precludes a bank from issuing notes, this monopoly practically extends to the whole of England. It does not apply to Scotland or Ireland, however. There have been many critics of the system and Walter Bagehot, no mean authority, said that the only reason it worked in practice was that in times of stress the act was suspended. No banker is eligible for a seat on the board.

Dealing with Panics

In the early part of the last century there were several panics in London, and the directors of the Bank of England, who as already stated were not bankers, endeavored to call loans and so strengthen their reserves, with the result that in each case the panic increased. Finally the Government stepped in, suspended the act, and authorized excess issues of notes to any extent, in order to make loans. These were to be at a rate of not less than 10 per cent. When the public found that credit was available at a price the crisis quickly passed, and the bank rebuilt its reserves at its leisure. After several examples of this, the method was adopted of controlling the market and curtailing credit by raising the bank rate, on the theory that a high rate would bring conditions to normal through the influx of funds from outside to take advantage of the favoring rates of interest, and also would force borrowers to liquidate.

British banks maintain accounts at the Bank of England, and clearing settlements are by cheque on that institution. The result is that banking is carried in Great Britain, even in normal times, on a specie reserve lower than would be considered safe on this continent.

Through the development of the acceptance system it is possible to operate in this way. The English banks are able to keep their funds constantly employed. Rates are usually lower than here, but the banks are able to obtain their funds more cheaply than Canadian banks and they make a profit on the turnover. A bank is a trader in credit and like any other trader makes its profit on the volume of its business turnover.

Making Loans

In the United States and Canada a call loan means a loan to a member of the Stock Exchange payable on demand, and secured by the hypothecation of securities dealt in on the exchange—stocks and bonds. In normal times these are readily saleable, and, in consequence, if a bank desires to call some of its funds let out in this way the borrower goes to another institution and simply transfers the loan. When a number are calling, however, it is not so easy. The intention is to utilize surplus funds in this manner so as to earn some revenue and at the same time have them available.

In Great Britain loans are made against collateral of this kind, but not to the same extent, and contrary to the custom here the rate on this class of business is usually higher than on other advances, a recognition of the fact that there would be difficulty in a general realization. The bulk of call loans in London are on other security.

Most of the import and export trade is carried on by letter of credit. For instance, a Canadian wants to import olive oil from Italy to the value of say £2,000. The terms of purchase are sixty days sight. The exporter wants to be sure of his money. Canada is a long way off and he must have assurance the shipment will be taken and paid for at a definite time. He must be protected against the chance of the buyer refusing delivery. A letter of credit satisfies him. The Canadian bank issues one to the importer to be availed of by the exporter by draft on London for the invoice value of shipment, with bill of lading and other documents attached. The exporter's bank will discount this, sending the draft to London, where the drawee bank will accept and then detach the documents to be sent to Canada. The draft bearing the names of two banks, one a London bank, the acceptor, is then known as a prime banker's acceptance, and if the Italian bank wants to discount it this can be done in London through note brokers.

The acceptance represents a definitely completed transaction in merchandise with a definite date of payment, and will be accepted by any London bank as collateral against a call loan. Frequently the banks will purchase these bills. By investing their funds in this way they insure a constant stream of funds daily, and are able to calculate their resources with great exactness. There are other securities accepted against such loans, treasury bills with maturities from three to twelve months issued by the Government, and also what are called "floaters." These are bills accepted by the big mercantile banking establishments. These houses do not call themselves bankers but merchants, and bills drawn on and accepted by them freely circulate in this way in London.

In Scotland there is another system. Scottish banks operate under individual charters, and these are perpetual. One dates from 1695. All issue notes as currency, and our system is chiefly based on theirs in this respect. These banks often purchase acceptances as do London bankers. They all maintain accounts with the Bank of England, and as they can consider this balance as part of their cash reserve, they, as do the English banks, depend on the Bank of England for the bulk of their specie holdings. Advances to customers by the Scottish banks are chiefly by means of cash credits. These are overdrafts secured by the hypothecation of collateral of various kinds with the exception of mortgages. One reason for advancing in this way is to evade the British stamp tax of a shilling per hundred pounds on notes, and in this way Scottish thrift gets around the law.

NOTABLE DEPARTURES HAVE CARRIED INFLUENCES OF CANADIAN BANKING AFIELD OFFERING DIRECT INTERNATIONAL LINKS

Continued from page 17

pressed the opinion that "as time goes on more and more foreign business will be directed to foreign trade banks, especially established to take care of it."

The Foreign Trade Banks

Arguing for the foreign trade banks, as they have come to be classified in the United States, where they have been functioning now since 1917, Dr. Holder says:—

"Foreign trade banks have several advantages to offer. Being smaller more individual attention can be given to each transaction. The officers of the foreign trade banks being practically specialists and interested almost solely in financing exports and imports it may be taken for granted are more familiar with the markets of the world, commodities, supply and demand and current prices than is the personnel of the average bank. They can accordingly expertly guide customers in transactions.

"Most foreign trade banks have the additional advantage of having their own branches in foreign countries, which keep them conversant with foreign conditions."

Favor Branch Banks

However, supporting the policy of our banks being directly represented at strategic foreign centres by their own branches are the arguments of executive officers of the Royal Bank of Canada and of the Canadian Bank of Commerce, both of which institutions are aggressive internationally.

E. L. Pease, vice-president and managing director of the Royal Bank, says: "Without exception the operation of our foreign branches has been satisfactory, and in this connection I desire again to put on record my views as to the advantage of conducting foreign business where possible through the medium of our own branches rather than through affiliations with other banks which we do not control. It is only through its own branches that a bank can keep in close touch with its customers and give efficient personal service.

"That the expansion of a bank does not mean a drain on the main organization is something which I have had occasion to point out many times. The figures of our foreign loans and deposits as they stood at November 30th last affirm this fact; deposits, $164,000,000; loans, $102,000,000.

"The Commerce reports of the Dominion have year by year afforded ample testimony of the national service rendered by the banks extending our markets abroad. Wherever we have opened branches trade with Canada has been stimulated."

About a year ago the Canadian Bank of Commerce opened its first branch in the West Indies, at Havana, since when a branch has been established in the Barbados and more recently at Port of Spain, Trinidad, with which for the first time South America was actually penetrated. Sir John Aird, general manager, has stated that his policy was to proceed slowly, but surely, a policy that he considers "has been vindicated by the course of events, especially the unsettled financial conditions prevailing in Cuba and South America." Sir Edmund Walker, president of the Canadian Bank of Commerce, is now touring South America "spying out the land," it may be said, and the distinct probability is that this institution intends a fuller extension on this continent. By their decisions of the past two years the Commerce directors clearly have shown their preference for foreign branches as against foreign correspondents. Sir John Aird says: "I am not among the number of those who consider there is a need for a central institution for the purpose of financing extensions of foreign trade. In my view the facilities which are now available to the banks under the provisions of the Finance Act of 1914 are amply sufficient for all that is required, and while primarily a war measure the principles embodied in it may well serve us in times of peace."

South America and Europe

Undeniably foreign aggressions bring their responsibilities to our banking community. Agitations have developed in Argentine, in Spain and in France of recent months against the extensions of foreign banks. In all of these countries Canadian institutions have a direct concern, and legislation against foreign banking corporations which at one time seemed imminent threatened, if not to crowd out entirely, seriously to curtail the operations of our bankers. In Cuba the two Canadian institutions which have long had direct connections there, the Royal and the Nova Scotia, experienced the "sugar crisis" which brought about a moratorium. The Wall Street Journal is authority for the statement that of the $49,500,000 which foreign banks rushed to the assistance of Cuba, $17,600,000 was furnished by the Royal Bank and $4,215,000 by the Bank of Nova Scotia. Sir Herbert Holt, president, told the Royal Bank shareholders in January, however, that they had made no loss in Cuba, "thanks to the precaution taken by the management in early warning our officers in Cuba," and he gave further assurance by stating, "We are conducting business as usual, not taking advantage of the moratorium, being satisfied after an experience of over twenty years that there is no safer banking field than Cuba."

In Mexico the economic situation is probably happier than it has been for ten years or more. Complete restoration of the country's banking laws is assured by the administration, this promise no doubt considerably heartening Canadian bankers who have branches in Mexico City.

So far as the immediate future is concerned it would seem that in the financing of foreign trade Canadian bankers will likely concentrate their attention, first upon finding ways of further facilitating trade with Canada's non-British customers, and secondly, upon evolving machinery which will facilitate still further commercial and financial intercourse within the British Empire. So far as the first is concerned probably the opinions of Sir Vincent Meredith, Bart., may prevail, and in the case of the second, possibly some modification of Mr. Darling's "Imperial Central Bank," which was first mooted in Toronto, June, 1920, may be made use of. The banking history of Canada during the past year may be said to justify a great deal of faith on the part of Canadians in the adaptability of her bankers and the elasticity of her banking system.

BACK FROM CALIFORNIA

Sunny South Loses Settlers to Western Canada

From Our Own Correspondent.

REGINA.—Sunny California has no further charms for American farmers who have taken up their residence in Saskatchewan and gone into wheat or mixed farming. North Battleford district recently welcomed thirty-five settlers from California. A number from across the line have gone to the Medstead Lake district, while others are settling in the Meeting Lake and Rabbit Lake districts.

LETTER OF CREDIT A COMPLETE CONTRACT

Bank Bound to Honor Drafts Irrespective of Disputes of Parties

A recent decision of the Supreme Court of New York in the case of Frey & Son, vs. C. R. Sherbourne Co. and National City Bank, will be of more than usual interest to bankers and importers. The plaintiff sought an injunction, restraining the defendant company from drawing or negotiating drafts upon a letter of credit issued by the National City Bank, and restraining the bank from honoring or paying these drafts. The court held that a letter of credit issued by a bank in connection with a transaction involving the sale and purchase of goods is a complete and independent contract. The bank is bound to honor drafts drawn against the letter in accordance with the provisions of the letter, and irrespective of any dispute between the partners to the contract of sale.

In this case the plaintiff purchased from the defendant a quantity of sugar to be shipped from Java. The contract of sale called for payments to be made in cash in New York upon presentation of a warehouse receipt or delivery order, and required plaintiff to furnish an irrevocable letter of credit for the full amount of the purchase price. The latter was obtained from the defendant bank.

The contract of sale contained a provision that if shipment of sugar were not made on the dates specified in the contract, the purchaser might cancel the contract as to any such shipment. This provision did not appear in the letter of credit. Claiming that he had a right to cancel the contract the purchaser brought the action for an injunction restraining the sellers from drawing drafts against the letter and the bank from honoring any such drafts.

Injunction Not Allowed

It was held that the purchaser was not entitled to the injunction. The letter of credit, as stated, was a separate contract and the bank was bound to pay any draft drawn in accordance with the terms. The purchasers' remedy for any damages that might be sustained was to sue the seller for breach of contract, or to bring action against the bank in the event of its violating any of the provisions of the letter of credit.

This judgment was sustained on appeal.

In this latter judgment the contentions of the plaintiff and defendants were recited but the rights of the plaintiff under the contract with the defendant company were not deemed relevant to the case. The letter of credit is irrevocable.

FOUR MORE BANKS SAVED

Since the Middle of March Skilled Bank Robbers Have Been Frustrated, When Near Success, by Anakin Burglar-Proof Locks Installed in

REDDICK STATE BANK, REDDICK, ILL.
CHARLES COUNTY BANK, LAPLATA, MARYLAND
WOODBURN STATE BANK, WOODBURN, INDIANA
FARMERS' BANK, PONETO, INDIANA

These Are the Latest Additions to the Wholesale Prevention of Bank Burglaries.

Canadian Banks are Now Installing this Safeguard

Realizing That There is Only One

Genuine Anakin Burglar Proof Lock

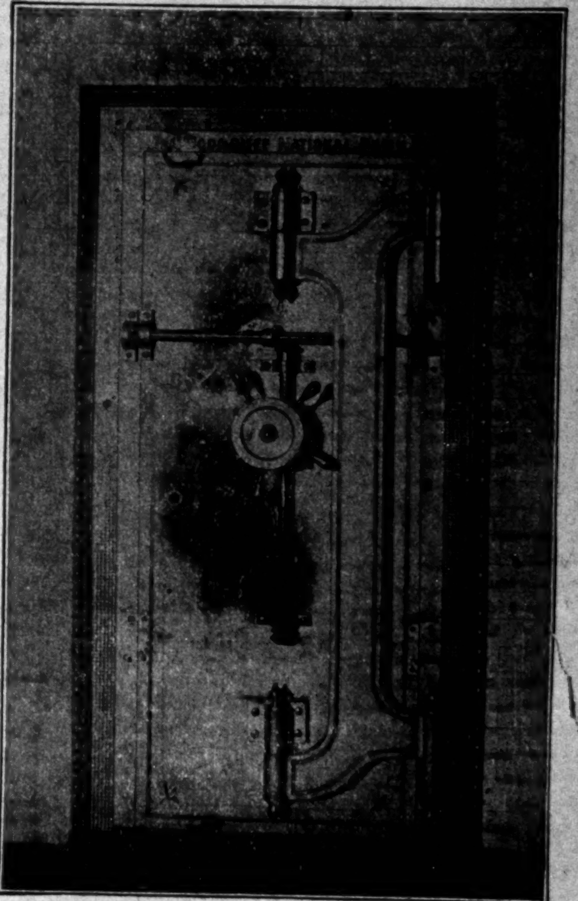
It Reduces Insurance, Gives Proven Protection

PROOF BURGLARIES Prevented by Anakin Locks

Bank of Lanyon, Lanyon, Iowa, Sept. 29, 1919.
First National Bank, Wyanet, Ill., Oct. 30, 1919.
Farmers & Merchants State Bank, Leland, Ill., Nov. 17, 1919.
Franklin Grove Bank, Franklin Grove, Ill., Nov. 25, 1919.
McClure & Jacobs Bank, Arrowsmith, Ill., Nov. 28, 1919.
Arrowsmith Bank, Arrowsmith, Ill., Nov. 28, 1919.
Buffalo Bank, Buffalo, Ill., Dec. 17, 1919.
Smithland Bank, Smithland, Iowa, Feb. 17, 1920.
Mahomet Bank, Mahomet, Ill., March 17, 1920.
First National Bank, Woodhull, Ill., April 13, 1920.
Woodhull State Bank, Woodhull, Ill., April 13, 1920.
Buck Creek State Bank, Buck Creek, Ind., May 20, 1920.
Nichols Savings Bank, Nichols, Iowa, June 17, 1920.
Farmers Savings Bank, Calamus, Iowa, June 22, 1920.
Cherry Valley State Bank, Cherry Valley, Ill., June 23, 1920.
Edgerton State Bank, Edgerton, Ohio, June 25, 1920.
Sublette Exchange Bank, Sublette, Ill., June 28, 1920.
Arlington State Bank, Arlington, Ill., July 2[illegible], 1920.

18 MONTHS' RECORD

THIS picture below shows the vault door of the Woodruff National Bank, Dunkirk, Ohio. The only case on record where any locking device ever prevented burglary where acetylene torch was used.



There was absolutely nothing holding this door except **Anakin Burglar Proof Locks.**

Write or Wire for Full Particulars or Demonstration

PROOF BURGLARIES Prevented by Anakin Locks

Farmers State Bank, Elberon, Iowa, Aug. 18, 1920.
Citizens State Bank, Tab, Ind., Aug. 21, 1920.
First National Bank, Norway, Iowa, Aug. 22, 1920.
American Savings Bank, Staceyville, Iowa, Aug. 23, 1920.
First National Bank, Oneida, Ill., Sept. 13, 1920.
State Bank of East Stanwood, East Stanwood, Washington, Sept. 14, 1920.
Bank of Emma, Emma, Mo., Sept. 17, 1920.
Peoples Bank, Mt. Jackson, Va., Sept. 19, 1920.
Valley State Bank, Post Falls, Idaho, Oct. 7, 1920.
Woodruff National Bank, Dunkirk, Ohio, Oct. 8, 1920.
Somonauk State Bank, Somonauk, Ill., Nov. 13, 1920.
First State Bank, Magnolia, Ill., Nov. 20, 1920.
Imbler State Bank, Imbler, Ore., Dec. 2, 1920.
First National Bank, Percy, Ill., Jan. 5, 1921.
Farmers Savings Bank, B[illegible]pitt, Ill., Jan. 12, 1921.
Farmers Bank, Buckingham, Ill., Feb. 2, 1921.
Miller Co. Exchange Bank, Olean, Mo., Feb. 2, 1921.
Epworth Savings Bank, Epworth, Iowa, March 10, 1921.

HOME OFFICE
ANAKIN LOCK WORKS, 21 N. LA SALLE ST., CHICAGO, ILL.

Exclusive Canadian Agents:
MATHESON & LAWLOR 212 C. P. R. BLDG. TORONTO, ONT., CANADA